

February 1992  
pneumonia  
community

Austria	100.00	100.00	100.00	100.00
Belgium	100.00	100.00	100.00	100.00
Denmark	100.00	100.00	100.00	100.00
France	100.00	100.00	100.00	100.00
Germany	100.00	100.00	100.00	100.00
Greece	100.00	100.00	100.00	100.00
Italy	100.00	100.00	100.00	100.00
Japan	100.00	100.00	100.00	100.00
Netherlands	100.00	100.00	100.00	100.00
Portugal	100.00	100.00	100.00	100.00
Spain	100.00	100.00	100.00	100.00
Sweden	100.00	100.00	100.00	100.00
Switzerland	100.00	100.00	100.00	100.00
UK	100.00	100.00	100.00	100.00
USA	100.00	100.00	100.00	100.00

EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

VENEZUELA

Problems laid bare by abortive coup

Page 5

FT No. 31,688

© THE FINANCIAL TIMES LIMITED 1992

Wednesday February 19 1992

£ D 8523A

World News

Business Summary

## Dassault and BAe join forces on fighter project

British Aerospace and Dassault Aviation of France expect to receive funding from their governments to study co-operation on a future generation of fighter aircraft. Page 14

**PLO to attend talks**  
The Palestine Liberation Organisation said its delegates would attend resumed Arab-Israeli peace talks in Washington next week. Page 14; Israeli reshuffle, Page 4

**Abortion talks sought**  
Irish prime minister Albert Reynolds invited opposition leaders to urgent talks on Ireland's anti-abortion law after a court prevented a 14-year-old, made pregnant by a rapist, from travelling to the UK for an abortion.

**Summit 'in July'**  
US president George Bush and Russian president Boris Yeltsin are likely to hold their first formal summit meeting in July in Washington, White House spokesman Martin Fitzwater said.

**Irish PM to see Major**  
Irish prime minister Albert Reynolds is to visit London next Wednesday for talks with British prime minister John Major on worsening violence in Northern Ireland.

**Libyan 'travesty'**  
The US dismissed as a travesty of justice a Libyan hearing at which two Libyans, accused of the bombing of a Pan Am jet over Lockerbie in Scotland in 1989, appear. Page 4

**Expo pavilion wrecked**  
"Time Machine", one of the most eye-catching pavilions of the Seville Universal Exposition, which opens in April, was destroyed by fire. Page 2

**Ceasefire takes hold**  
The United Nations said it believed indiscriminate shelling of civilians in Mogadishu had ended following a ceasefire it negotiated between Somali combatants.

**Sweden to pay up**  
Sweden said it would reimburse Estonia and Lithuania for a £58kg of gold, worth about \$46m, they deposited in Sweden before the Soviet Union took over the Baltic republics in 1990. Sweden gave the gold to Moscow just after it incorporated the states.

**Submarines collide**  
A nuclear-powered submarine of the former Soviet navy was hit by a US submarine which illegally entered Russian waters, Moscow claimed. The US said its submarine had been hit and the incident happened in international waters.

**Punjabis go to polls**  
A low turnout is feared today when Punjabis vote for the first time after nearly five years of direct rule from New Delhi. About 20 people have been killed in election violence - a low figure by Punjab standards. Page 4

**Hint of widening scandal**  
A draft report by an Italian Senate committee investigating the scandal over \$400m of improper Iraqi loans made by the Atlanta branch of Italy's Banca Nazionale del Lavoro, raises the possibility of US and Italian government involvement. Page 14

**Maxwells stay silent**  
Lawyers acting for Kevin and Ian Maxwell have refused to answer a questionnaire sent by a UK Commons committee about the raiding of pension funds. Page 20

**Striking the wrong note**  
Argentina is investigating claims that its mint has been forging banknotes after two authentic notes appeared with identical serial numbers. Page 5

## UK rate cut more likely as pound strengthens

Prospects of an early cut in UK interest rates rose after the pound firmed and news of a big rise in long-term unemployment increased pressure on the government to stimulate the economy.

Robin Leigh-Pemberton, governor of the Bank of England, stressed the potential problems for the UK economy when he warned that the confidence of exporters could be damaged by a slowdown in the world economy. Page 14 and Lex

**INSURANCE** Three insurance groups - Royal Insurance of the UK, Assicurazioni Generali of Italy, and Fondiaria di Roma - agreed a joint venture to attack the European insurance market. European Partners for Insurance Co-operation (Epic) will start by buying the Dutch operations of Royal Insurance. Page 15; Lex, Page 14

**EUROPEAN BOURSES** Most bourses were pulled up by the rising dollar, with the Paris CAC-40 index reaching its highest level since Iraq invaded Kuwait, closing up 1.9 per cent at 1,512.21. In Frankfurt, the DAX rose by nearly 1 per cent ending at 1,694.59. World stock markets, Page 34

**MIDLAND GROUP** is unlikely to pay a dividend for the second half of 1991, making it the first English clearing bank to omit a dividend since the 1930s. Page 16

US housing starts are expected to show a rise in January, even though long-term interest rates have since begun to edge up. Wall Street economists forecast a rise to a seasonally adjusted annual rate of 1.13m units from 1.1m in December.

**REDLAND'S \$220m (\$1.14bn)** bid for rival UK building materials group, Steetley, was cleared when an opposing plan to merge the British brick, tile and concrete product businesses of Tarmac and Steetley was referred to the Monopolies and Mergers Commission. Page 16; Lex, Page 14

**ABITIBI-PRICE**, newspaper and paper producer controlled by Toronto's Reichmann family, is continuing to pay a dividend despite posting a substantial loss for the second year in a row. The move is interpreted as evidence of financial strains being felt by the Reichmanns. Page 15

**FLETCHER Challenge**, New Zealand's largest industrial company, has announced a 59.7 per cent fall in six-month net profits, to NZ\$161.6m (US\$82.4m). Page 17

**VIRGIN** Richard Branson's Virgin Atlantic Airlines made a \$5m (\$16m) pre-tax loss last year. Page 15

**WALT DISNEY** shares rose sharply on news of a four-for-one stock split which is expected to broaden the stockholder base. The company also scrapped plans to build a movie theme park in Tokyo.

**ARGENTINA'S** creditor banks rejected demands for a 40 per cent cut in the country's \$31bn commercial debt. Page 5

**DYNO INDUSTRIES**, Norwegian chemicals producer, has been awarded a DM\$500m (\$590m) contract by Dalmat Benz to supply fuel tank systems to a new Mercedes model. Page 6

**TELECOM New Zealand** Peter Troughton, who transformed the fortunes of Telecom New Zealand, is resigning as managing director half-way through his five-year contract. Page 17

**AUSTRALIAN COAL** exporters have been forced, for the second year, to accept a price cut for steam coal shipments to Japan. Page 22

**JAPAN'S** finance ministry is inspecting eight housing loan companies, which face a surge in bad loans after the property market slump. Page 17

## Bonn says wage rises could prolong downturn

By Quentin Peel in Bonn

THE GERMAN economy is at a watershed, and the coming months will show if the slow-down is a pause for breath or the beginning of a long downturn, the Economics Ministry warned yesterday.

In its gloomiest prognosis for months, the ministry identified two decisive factors which could tip the economy into a lasting recession: a continuation of last year's high wage increases and collapse of the negotiations on the Uruguay round of the General Agreement on Tariffs and Trade.

The ministry's latest monthly report was released at the same time as statistics for the past year's wages, prices and external trade. They show largely negative trends on all fronts for 1991 as a whole, although there was a marginal improvement in December's trade figures and January's inflation rate.

In particular, the wage figures published by the Federal Statistics Office showed that although gross wages increased faster than the rate of inflation, net wages - after

tax and social security payments - actually rose slower than the consumer price index.

Between October 1990 and October 1991, gross wages in west German industry and commerce rose by an average of 5.4 per cent, compared to a 3.5 per cent increase in the cost of living. However, after allowing for both tax (including the "solidarity surcharge" for unemployment) and inflation, net wages dropped between 1.1 and 3.3 per cent.

That loss in purchasing power is an important factor

fueling union pay demands and contributing to the west German slowdown.

The Economics Ministry warned that the level of wage increases was equally worrying in both east and west Germany. While pay rises in the west were fuelling inflation, those in the east were discouraging investment in the region, leaving it dependant on government subsidies - which meant a continuing high tax burden and depressed consumer demand in the west.

As for the trade picture, Ger-

many saw a large deterioration in its trade balance and current account over the year. This was caused by the import surge to fuel demand in east Germany, combined with declining export demand in the rest of the world economy. However, imports dropped by 7.6 per cent in December.

In spite of the combination of surging imports and sluggish exports, visible trade remained in surplus, but fell to just DM31.6bn (\$13bn) last year from DM107.4bn in 1990. There was a sharp reduction in Ger-

many's trade surplus with France and Britain (down by almost DM10bn in each case, to DM5.8bn and DM8.1bn respectively), and surplus with the US became a DM1.3bn deficit.

The overall balance of payments, including payments for the Gulf war and a significant outflow of investment capital, moved from a surplus of DM77.4bn in 1990 to a deficit of DM34.2bn last year.

Tietmeyer defends interest rates; Investors' package, Page 3

## UN aims to redraw Iraq border with Kuwait

By Mark Nicholson in Kuwait City

KUWAIT looks certain to be given several Iraqi oil wells and part of a naval base as a result of a United Nations border proposal.

Western diplomats in Kuwait said Baghdad would be infuriated by the demarcation. But there was little Iraq could do beyond complaining. Mutual agreement on the new border "is just something else which will have to wait until the regime changes in Iraq", one diplomat said.

The UN Commission, established as part of the Gulf war ceasefire agreement, is not expected to present its findings until April. However, officials close to the commission say the team has already decided

on "parameters" for the border. These will lie several hundred - in some cases thousands - of metres north of what has previously been accepted as the border.

The demarcation will place in Kuwaiti territory between five and seven oil wells in the Iraqi portion of the Rumaila oilfield. The UN experts have also decided that the point at which the border meets the coast is virtually certain to run through Iraq's main naval base at Umm Qasr.

The new border will anger Baghdad for a number of reasons. Iraq revived its disputed claim to the whole of Kuwait as justification for its August 1990 invasion. It also claimed southern portions of the Rumaila oilfield, which dips into Kuwait, and had expressed irritation about its limited sea access.

Umm Qasr has been virtually Iraq's sole serviceable port since the Shatt al Arab waterway was closed in September 1980 by the outbreak of the Iran-Iraq war. President Saddam Hussein launched the war in part to gain full sovereignty over the Shatt al Arab.

The commission's findings Continued on Page 18

Lines in the sand, Page 4



Paul Tsongas, Democratic party presidential candidate, wraps up his campaign in New Hampshire, the first primary in the 1992 election. The former senator of Massachusetts has come from behind to be the frontrunner. Page 5

## Fed allows banks to lower reserves

By Michael Prowse and George Graham in Washington

THE US Federal Reserve Board yesterday moved to boost bank profitability by announcing an unexpected reduction in banks' reserve requirements.

The Fed announced a reduction from 12 to 10 per cent in the reserve ratio applied to net transaction accounts, starting in April, reducing US bank obligatory reserves by nearly \$80m.

On Wall Street, the announcement was greeted by falls in both bond and share prices. The cut in reserve requirements was seen as offering some relief to hard-pressed banks but not as a substitute for a cut in interest rates.

The move came the day before Mr Alan Greenspan, the Fed chairman, is due to pre-

sent his Humphrey-Hawkins testimony, his six-monthly report to Congress on monetary policy.

Mr Greenspan had been expected to come under pressure from some members of Congress who want a further easing in the Fed's monetary policy, on the grounds that December's cut of a full percentage point in the discount rate to 3.5 per cent was not enough to prod the sluggish economy out of recession.

The cut in reserve requirements, while of largely symbolic importance, gives the impression that the Fed is taking active steps to boost the economy.

"This will make it easier for Mr Greenspan to defend not

cutting interest rates again," said Mr Bill Dudley, an analyst at Goldman Sachs, the New York investment house. He said the move would raise bank earnings by a few percent but did not represent an easing of monetary policy because the target for the federal funds rate - the key short-term interest rate - was unchanged.

The Fed said in a statement after a board meeting yesterday: "The reduction from 12 per cent to 10 per cent in the reserve ratio on net transaction accounts will reduce funding costs for depositories and strengthen their balance sheets. Over time it is expected that most of these cost savings will be passed on to depositors

and borrowers. "The reduction should strengthen the financial condition of banks and thereby promote their access to capital markets, putting them in a better position to extend credit."

The Bush administration has been pressing for further monetary easing. Mr Michael Boskin, chairman of the Council of Economic Advisers, yesterday repeated his view that the current low rate of inflation and the slack in the economy left the Fed room for manoeuvre. The Fed, however, is reluctant to cut interest rates further because it believes the economy is likely to begin to recover by the spring.

Markets, Section II

## Del Monte juice and fruit group plans UK flotation

By Robert Peston and Roland Rudd in London

DEL MONTE Foods International, the leading juice and canned fruit company in the US, is preparing for a \$245m (\$78m) public flotation on the London stock market.

The share sale will be one of the biggest non-privatisation flotations in the UK for several years. It will make multi-millionaires of DMFI's four executive directors, who bought 5 per cent of its shares in a \$375m management buy-out of the company in May 1990.

DMFI is completely separate from the Del Monte fresh fruit business, which was bought by Polly Peck International, the fruit and electronics conglomerate which collapsed in 1990. Polly Peck's administrators are also thought to be planning to float their Del Monte business, although probably in the US.

Both companies were for many years part of RJR Nabisco, the US food and tobacco group. When RJR was bought by the US buy-out specialists, Kohlberg Kravis Roberts, in February 1989, Del Monte was

sold and broken up. DMFI has exclusive rights to use the Del Monte name for processed foods in most parts of the world except the US. Its biggest market is Italy, where its annual sales are \$20m, followed by the UK, where the turnover is \$70m.

While other big buy-outs in the past couple of years have struggled to hit their financial targets, DMFI's profits have grown rapidly. In the year to November 1991, its profits before interest and tax rose 24 per cent to \$29.5m, as sales grew by 13 per cent to \$252m.

"No business is recession proof," said Mr Leon Allen, chairman. "However, we have succeeded in pushing up both the volume of sales, by 10 per cent last year, and in widening margins." DMFI is confident of at least maintaining its present profit and sales growth.

He said the company's success was based on "focusing on the quality end" of the branded fruit juice and canned fruit market. "Our prices are

between 10 and 20 per cent more than the opposition's," Mr Allen added.

The business is being floated by Charterhouse, the UK merchant bank whose investment funds own half of DMFI, and Cazenove, the London stockbroker.

The share sale is scheduled for the autumn. There will be a London listing though many of the shares will be offered to institutions in Europe. Between \$250m and \$300m of shares will be offered to individuals and institutions in the flotation, with existing shareholders keeping the rest. Of the shares being sold, around \$220m will be new equity, to redeem preference shares and pay off debt.

DMFI's management was backed principally by three of Charterhouse's buy-out funds, when they bought the company from Del Monte Corporation in the US, a Merrill Lynch-led private consortium. About 60 DMFI managers participated in the buy-out.

### CONTENTS

Italy: The central bank is to gain greater autonomy to set interest rates	3
Kuwait: A United Nations commission is redrawing the Kuwait-Iraq boundary	4
Israel: Leadership elections may alter Israel's approach to Middle East peace talks	4
Russia: An aircraft factory in Lenin's home town is looking to Rolls-Royce	6
Technology: A new series on urban air quality and the costs and cures of pollution	10
Editorial Comment: Executive pay, The United Nations and Yugoslavia	12
Commodities: Political pressure is posing a threat to the US mining industry	22
International	2-5
Companies	16-18
Americas	5
Companions	17
World Trade	6
Stills	7
Companies	16,20
Arts Guide & Reviews	11
Commercial Law	27
Crossword	22
Currencies & money	30
Editorial Comment	12
Financial Futures	30
Gold	27
Int. Capital Markets	18
Letters	30
Law	28-29
Management	9
Observer	12
Stock Marketsworld	23
London	23
Technology	10
Unit Trusts	28-29
World Index	34

### Japanese to quiz former PM about political donations

In a televised hearing next Tuesday, Japan's former prime minister Zenko Suzuki, 61, is due to answer allegations of accepting large political donations. He is being called in response to opposition pressure. Page 4

### MARKETS

<b>STERLING</b> New York close \$1.7535 (1.771) London: \$1.751 (1.774) DM2.065 (2.06) FF9.815 (9.8025) SF2.6075 (2.595) Y224.0 (225.25) £ Index 90.6 (90.8) <b>COMEX</b> New York Comex Feb \$354.7 (355.1) London: \$352.25 (354.5) <b>N SEA OIL (Argus)</b> Brent 15-day Mar \$17.575 (17.525) Crude price changes yesterday: Page 15	<b>DOLLAR</b> New York close DM1.844 (1.8285) FF5.5895 (5.5335) SF1.48335 (1.48585) Y127.935 (127.9) London: DM1.848 (1.823) FF5.505 (5.525) SF1.488 (1.483) Y128.0 (128.95) £ Index 94.2 (93.5) Tokyo close:Y127.17 <b>US closing rates</b> Fed Funds: 5% (3 3/4%) 3-mo Treasury Bill: 3.825% (3.55%) Long Bond: 100 1/2 (101) yield: 7.984% (7.905%)	<b>STOCK INDICES</b> FT-SE 100: Yield 4.85 2,555.9 (+14.5) FT-A All-Share: 1,223.50 (+0.5%) FT-SE Eurotrack 100: 1143.83 (+8.10) New York lunchtime: DJ Ind. Av. close: (-21.24) S&P Comp 407.38 (-5.10) Tokyo Nikkei 20,672.03 (-452.85) <b>LONDON MONEY</b> 3-month interbank: 10 1/2% (10 3/4%) Libor long gill future: Mar 87 3/4 (Mar 87 3/2)
---	---	--

NORD/LB

NORDDEUTSCHE LANDESBANK

GIROZENTRALE  
Hannover Frankfurt-Luxemburg London New York

## EUROPEAN NEWS

## Row over bombers deepens Ukraine rift with Russia

By Leyla Boulton in Moscow and Chrystia Freeland and John Lloyd in Kiev

RELATIONS between Ukraine and Russia suffered a fresh blow yesterday with a squabble over ownership of military hardware.

Mr Viktor Batuk, head of the international organisations department of the Ukrainian Foreign Ministry, said Ukraine had taken over a division of long-range bombers in retaliation for the flight to Russia of Russian aircraft based in Ukraine.

The republic's president, Mr Leonid Kravchuk, has demanded an official explanation from Moscow about the flight of the pilots in six Su-24 bombers.

Marshal Yevgeny Shaposhnikov, the defence minister of the Commonwealth of Independent States (CIS), said yesterday the aircraft had flown to a military airbase near Smolensk and that the pilots would remain in Russia. "A comrade is coming here so we can talk about the planes," he said.

He made no specific comment about Ukraine's move to take over the 21 bombers based at Uzin, even though they are part of the strategic forces which the 11 Commonwealth states agreed should remain under joint command. But he said the fact that the unit commander had sworn allegiance to Ukraine did not mean a section of the strategic forces now belonged to the republic.

Mr Volodymyr Belashov, a Ukrainian Foreign Ministry official, said Kiev's position was that the hardware itself should belong to Ukraine but that the nuclear weapons they carried would belong to the commonwealth.

Marshal Shaposhnikov, who is opposed to commonwealth leaders' decision to allow for separate republican armies, nevertheless predicted that the

TWO nuclear-powered submarines of the US and former Soviet navies collided in Arctic waters off northern Russia last week, it was disclosed yesterday, Reuters reports from Moscow.

Moscow said it would protest to Washington over the incident, which it claimed took place in Russian territorial waters.

Interfax news agency quoted a report by the navy of the Commonwealth of Independent States (CIS) as saying the US submarine, which was identified by US officials as the Baton Rouge, was in Russian waters illegally when it hit the unnamed Commonwealth craft off the Kola peninsula in the Barents Sea.

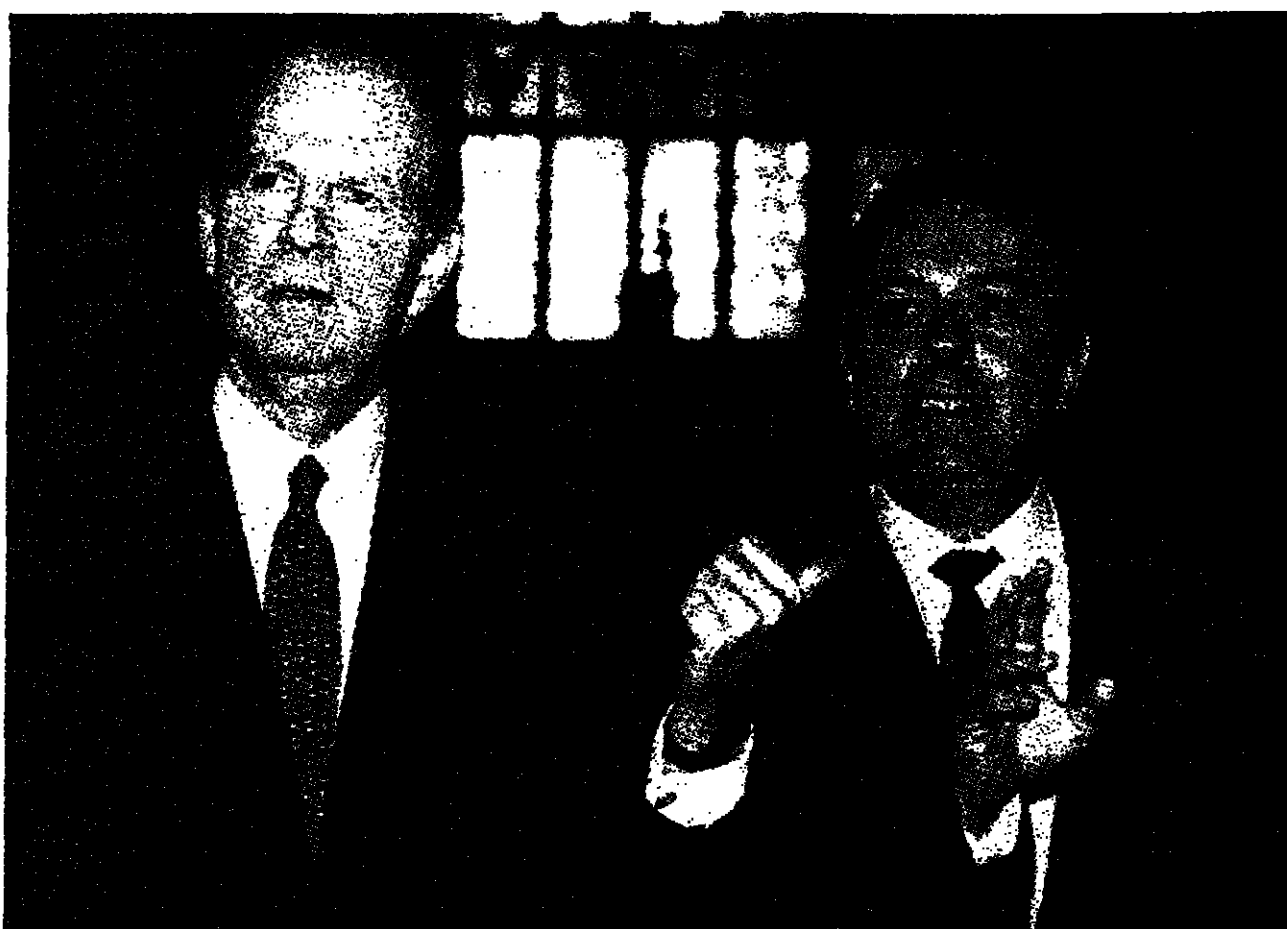
A US official travelling with Mr Dick Cheney, US defence secretary, in Guatemala yesterday confirmed the incident but said the submarine from the CIS had hit the Baton Rouge.

former Red Army would ultimately splinter into republican forces.

He said the break-up should be conducted in a "civilised manner since we call ourselves civilised people".

Asked about reports that a military joint venture had sold military hardware based in Ukraine, he said the armed forces had been authorised by former Soviet President Mikhail Gorbachev to engage in commercial activity.

As commander-in-chief of the commonwealth armed forces, Marshal Shaposhnikov said his room for decision-making was complicated by the fact that he had eight republican masters for conventional forces and 11 for strategic forces. But he also



James Baker, US secretary of state (left), and Andrei Kozyrev, Russian foreign minister, discuss their meeting in Moscow yesterday which focused on a global safety system and reduction of strategic offensive weapons. The White House later said President George Bush and Russian President Boris Yeltsin were likely to hold their first formal summit meeting in July in Washington.

stressed the importance of protecting the commonwealth "like a fragile baby" so it could survive the difficulties of its early stages.

Turning to fighting in the Trans-Caucasus, he warned that unless Armenia and Azer-

baijan found a peaceful solution to their conflict over land, he would press for the withdrawal of all commonwealth troops from the area. He said he would not tolerate officers and their families becoming targets.

● Reuters adds from Moscow: A top aide to President Boris Yeltsin warned yesterday that a break-up of the commonwealth would provoke a military coup.

Mr Sergei Shakhrai, Russian deputy prime minister, issued the warning to members of his parliament in Moscow. "I think that both politicians and deputies realise one clear thing - the collapse of the commonwealth now is a 100 per cent [guarantee] of a military coup d'état."

## French Gaullists will try to block Maastricht pact

By Ian Davidson in Paris

FRANCE'S Gaullists have served notice that they will campaign against the terms of the Maastricht treaty recently signed by the European Community. Their main objection, as set out this week by Mr Alain Juppé, the party's secretary general, is to the provision for extending the vote in local elections to nationals from other EC countries.

"It is completely out of the question to give foreigners the possibility of having municipal councillors, who could then endorse a candidate for the presidency, elect senators or become mayor," Mr Juppé said on radio.

The party also objects to the explicit target of a single European currency, at the end of the process of European monetary union. It would be better, Mr Juppé argued, to develop a 18th single currency, rather than "rush into an adventure whose consequences we cannot assess".

He also demanded that the treaty be coupled with an amendment to the French constitution, to give parliament a greater role in decisions on Community legislation.

After several years of the party acquiescing without enthusiasm in President François Mitterrand's European policy, these objections to the Maastricht treaty represent a clear-cut reversal to the traditional nationalism of Gaullism.

In the short run, this will make it easier for the Gaullists to adopt a frankly nationalist position in next month's regional elections, and thus

THE European Commission is rethinking its approach to the regulation of claims for food and drink labels, following strong lobbying by the food and advertising industries, writes Guy de Jouglares, Consumer Industries Editor.

It had originally sought to curb false or misleading claims by drawing up detailed lists of banned restricted terms. However, manufacturers protested that such an approach would unduly inhibit marketing and product innovation.

The Commission is now considering instead drawing up a set of general principles, which would leave manufacturers free to make claims for their products provided they were able to prove these were justified.

Products could continue to be labelled with claims such as "light", "alcohol-free" or "cholesterol-free" so long as manufacturers made clear what they mean.

competes more openly for the nationalist vote now swinging towards the extreme right-wing National Front.

But it is not yet clear whether the Gaullists, even in tacit alliance with the Front, can mobilise an effective opposition to ratification of the treaty. If the other half of the conservative opposition, the centre-right UDF group, sticks to its traditional principles, it will support the treaty, virtually assuring ratification.

## Hungary holds January's inflation rate to 28.2%

By Nicholas Denton in Budapest

HUNGARY'S rate of inflation fell 4 per cent last month to take the annual rate below the psychologically important 30 per cent level for the first time since July 1990.

The rise in the January consumer price index to a level 28.2 per cent above the year-earlier figure was partly technical as the effects of subsidy cuts, price liberalisation and

the rise in Soviet energy prices to world levels fell out of the statistics. The last consumer subsidies, excluding public transport, were abolished in the 1992 budget.

Downward pressure on inflation was also helped by appreciation of the forint, the national currency, which increased competition from imports in the domestic mar-

ket at the expense of domestic production and employment. Inflation is now well below the peak of 38.6 per cent recorded last June and on target for the year-end official forecast of about 15 per cent.

In a further confirmation of the downward trend, producer prices rose an annualised 6.1 per cent in the six months to November 1991.

The National Bank of Hungary has made lower inflation its priority after concentrating on strengthening the balance of payments in 1991. Economists believe slower decline in inflation gives Hungary a firmer base from which to embark on economic expansion after last year's 8 per cent decline in gross domestic product.

## Key Expo '92 pavilion burns down

A FIRE yesterday destroyed one of the most eye-catching pavilions of the Seville Universal Exposition, which opens on April 30, writes Tom Burns in Madrid.

Firemen fought a four-hour battle to extinguish the blaze at the Discoveries Pavilion. Concealed as a Time Machine that used a combination of visual effects to explain five centuries of discoveries, inventions and technological applications, the pavilion was a key component of Expo '92's commemoration of Christopher Columbus' voyage to the New World 500 years ago.

Although the fire's cause was not known last night, security experts have voiced fears that Expo '92, which groups some 80 pavilions representing nations and multinational corporations, would be a target for terrorist groups.

The destroyed complex, which consisted of eight modules spread over 13,000 sq metres, was expected to draw about 30,000 visitors a day.

Other buildings on the Expo site, which stands on an island in the middle of Seville's Guadalquivir river, were not affected.

Mr Jacinto Pellon, Expo '92 chief executive, said last night: "This is a profound setback."

## Greek deputy PM quits over economy

MR Athanasios Kanellopoulos, Greek deputy prime minister, resigned yesterday after criticising the government's economic policy as ineffective, Reuters reports from Athens.

One of the most senior members of the ruling conservative New Democracy party, he was the fifth cabinet member to resign or be sacked in the past year.

Mr Kanellopoulos said in a newspaper interview earlier this month that the government's economic policy was unfair and unimaginative, prompting strong reaction from other government officials.

The Financial Times (Europe) Ltd. Published by The Financial Times (Europe) Ltd., Frankfurt Branch, 100, Mainufer 1, 6000 Frankfurt am Main 1, Germany. Tel: 069 15635; Fax: 069 26446; Telex: 410197. Represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McCann, C.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Häring International, 6078 Neu-Isenburg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1992.

Registered office: Number One Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Roddy. 168 Rue de Rivoli, 75004 Paris Cedex 01. Tel: (01) 4297 0021; Fax: (01) 4297 0029. Editor: Richard Lambert. SA Nord Editor, 15/21 Rue de Caen, 91000 Roissy Cedex 1. ISSN: ISSN 1140-2733. Commission Paritaire No 098012.

Financial Times (Scandinavia) Vinnestadsvej 42A, DK-1161 Copenhagen F, Denmark. Telephone (33) 15 44 41. Fax (33) 935335.

## Siemens urges more money to make nuclear plants in east safe

By Andrew Fisher in Düsseldorf

WESTERN countries must make more money available to help meet the estimated DM12bn (\$7.5bn) cost of making nuclear power stations in Russia and the rest of eastern Europe safe, according to Adolf Hüttel, head of the EKW energy division of Germany's Siemens industrial group.

He said the foreign exchange portion of this, to finance imports into the affected countries of vital equipment such as new control instruments, could be key to about DM3bn.

Western countries also had to work closely with the countries to build up the volume of local supplies and contracts in such work. This would account for the other DM9bn.

Mr Hüttel said the figures applied only to the 63 pressurised water reactors - just over half of which are in Russia - built with Soviet technology.

The 16 Chernobyl-type reactors were not worth improving as their faults were too basic. The company believes they should be closed.

Mr Hüttel said the funds so far made available by the EC, equivalent to a few hundred million D-Marks, were insufficient and only covered studies

and planning work. It was unrealistic to expect Bulgaria, Czechoslovakia, Hungary and most of the former Soviet Union republics to close their nuclear power plants at once, since they depended on these for electricity.

● Plans for an institute in Russia to employ atomic scientists in civilian endeavours may be insufficient to keep Soviet nuclear know-how from spreading to other countries, Mr Hans Dietrich Genscher, the German foreign minister,

said yesterday, AP reports from Bonn.

A day earlier, Mr Genscher, the US secretary of state, announced in Moscow that the US would be providing \$50m to help create an international clearing house in Russia that would gather proposals for employing former Soviet nuclear scientists in commercial projects.

Germany is also sponsoring the plan. A primary purpose of the project is to keep the scientists and engineers from passing their knowledge to other states. Mr Genscher said the scheme - called "Nuclear scheme" - was an important first step.

However, the German foreign minister said other measures were needed, including the "international isolation" of countries that "procure technology for weapons or mass destruction". He said UN sanctions should be imposed against such countries.

"I believe that the Security Council should fully make use of the means at its disposal, especially sanctions, in cases of violations of non-proliferation principles," he said.

## Some barriers to Europe won't come down in 1992



To do business in Europe, you need to get there relaxed and ready for action.

If the thought of fighting your way around London and through its busy airports appals you, consider the more convenient option: Amsterdam Airport Schiphol.

From many parts of the UK, you'll find it easier and quicker to fly to your European destination via Schiphol's single terminal.

There are scheduled direct flights to Amsterdam from:

■ Aberdeen ■ Edinburgh ■ Manchester  
■ Birmingham ■ Gatwick ■ Newcastle  
■ Bristol ■ Glasgow ■ Norwich  
■ Cambridge ■ Heathrow ■ Southampton  
■ Cardiff - Wales ■ Humberside ■ Stansted  
■ East Midlands ■ Leeds Bradford ■ Teesside.

As well as excellent air connections to the rest of the world, Schiphol offers good road and rail connections to Europe.

With no terminal transfer problems, services renowned for their efficiency and the world's finest duty free area, Schiphol is an airport that is worth passing through. Right now, all our facilities are being expanded and improved to make sure they keep ahead of demand.

Before you waste your energy on the M25, check out the more convenient connection.

Amsterdam Airport Schiphol

## CONTRACTS &amp; TENDERS

## INVITATION TO BID FOR THE ACQUISITION OF SHARES OF "ELLINIKOS NIOGNOMON, S.A."

The Hellenic General Insurance Company ETHNIKI, S.A., wishes to sell 12,510 shares of the Company "Ellinikos Niognomon, S.A." (Greek Register of Shipping), which shares constitute 34.75 per cent of the Company's share capital. "Ellinikos Niognomon, S.A." was founded in 1919 and is engaged in the inspection of Greek and foreign ships and the issuance of certificates of seaworthiness.

## FINANCIAL INFORMATION (in Million of Drachmas)

	1986	1987	1988	1989	1990
Assets	126.0	154.3	198.2	344.3	371.6
Turnover	158.3	176.1	223.5	343.5	380.3
Profit (Before Tax)	34.6	41.3	46.8	139.0	160.0

Exclusive adviser to ETHNIKI and intermediary for the sale of the aforesaid shares is the National Bank of Greece, S.A.

1. Bids must be placed in a sealed envelope and delivered to the National Bank of Greece S.A. Investments and Capital Markets Division, Panepistimiou 68 & Patission 1 (3rd Floor), 104 31 Athens, by 1 p.m. on Friday, 13 March 1992. The bids will be binding for a period of three (3) months and must be accompanied by a letter of warranty issued by a Bank in the amount of 25,000,000 Drachmas and valid for a period of three (3) months. The warranty deposit does not in any way establish a claim to the acquisition of the shares. Interested parties may get further details by contacting the aforesaid Investments and Capital Markets Division, National Bank of Greece.

On the sealed envelope, it must be clearly indicated that the bid concerns the aforesaid shares of "Ellinikos Niognomon, S.A." The bidder's data (name of individual or company, address, telephone) must also appear on the envelope. A summary of the bidder's activities must be submitted at the same time as the envelope containing the bid.

2. The sealed bids will be opened at 2 p.m. on Friday, 13 March 1992, at the Investments and Capital Markets Division's office, Panepistimiou 68 & Patission 1 (3rd Floor), 104 31 Athens. The opening of the bids will be conducted by a Committee, in the presence of the bidders or of their representatives, who must be authorized in writing.

3. The National Bank of Greece, S.A. will appraise the bids and retain the right, as a sole judge, to accept the bidding, cancel the sale or invite new bids.

4. If the bidding is annulled or the sale cancelled, the warranty deposits will be returned. If, however, the sale is not concluded because the interested party does not proceed, after being invited by the National Bank of Greece to do so, to the conclusion of such sale, the amount of the warranty (25,000,000 Drachmas) will be forfeited in favour of the seller of the shares (ETHNIKI).

For a more detailed fact sheet and any other application or clarification, interested parties may address themselves to the aforesaid Investments and Capital Markets Division at the National Bank of Greece, S.A. (telephone: 5236440 & 5235639 / fax: 5236944).



## EUROPEAN NEWS

## Germany plans action to lure back investors

By Quentin Peel

A COMPREHENSIVE package of measures to improve the attractiveness of Germany as an investment location, including corporate tax cuts, and plans to improve labour mobility, has been drawn up by the Economics Ministry.

The package is an attempt to meet the growing chorus of complaints from German industry that high wage and tax costs, and an excessive burden of social and environmental spending, are driving German and foreign investors alike away from the market.

In a special report on the issue, the ministry insists the complaints are often repetitive and exaggerated. But it also admits that they should be taken seriously, as a reflection

of the real fears of German entrepreneurs.

"The warning signals should be taken seriously," it says. "The preservation and improvement of the quality of Germany as an investment location is a task which depends equally on the state, enterprises, wage partners and other social groups." Above all, action is needed with the approaching completion of the European Community single market at the end of 1992.

The package includes:

- strict control of state spending, to prevent excessive demands on the domestic capital markets, and a rising tax burden on industry
- further cuts in corporate taxation, to bring the marginal

rate down to 46 per cent (from the current 51 per cent)

- registration of private job-hunting agencies, to break the monopoly of the Federal Labour Office in job placement
- encouragement of greater regional and sectoral variations in wages, especially between east and west Germany, and discouragement of binding national wage agreements
- greater flexibility of working times
- promotion of greater competition in infrastructure services, including telecommunications and transportation
- environmental controls on industry to be matched by corresponding financial relief in other areas.

Treasury officials have for years fought a losing battle against free-spending politicians, who have given Italy Europe's second-biggest government deficit after Greece. A more independent central bank, with muscle to match its reputation for professionalism, is as welcome to reformers in Rome as it is to the architects of Emu.

## AEG office equipment plant to shut

By David Waller in Frankfurt

DAIMLER BENZ, Germany's biggest industrial company, has managed to find new jobs for 1,400 of the 2,700 employees working at its AEG Olympia typewriter and office equipment plant in Wilhelmshaven. The factory is being shut after losing heavily for several years.

Most of the new jobs are at other Daimler subsidiaries. The decision, finalised at a meeting of AEG's supervisory board in Frankfurt yesterday, has been taken after intense pressure from the port city of Wilhelmshaven to mitigate the effect of the closure on one of the most depressed regions of western Germany.

Last October Wilhelmshaven predicted that closure of the factory, coupled with planned job losses in the navy, would drive local unemployment from 15 to nearly 30 per cent. The powerful IG Metall union has also set itself against the job cuts, and union members yesterday mounted a demonstration outside AEG's Frankfurt headquarters for the second day running.

## Italy's monetary parting of ways

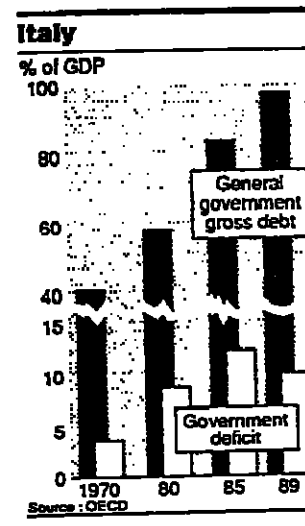
Haig Simonian on reforms at the Bank of Italy and the Treasury

AFTER a century together, the Bank of Italy and the Treasury last month took a step towards divorce with the decision to give the central bank autonomy to set the discount rate.

The move, while largely symbolic, was designed to bring the country closer into line with European Community commitments on economic and monetary union after the Maastricht summit in December. While the discount rate, the key rate charged by the central bank to commercial banks, used to be determined by the Treasury, it was only on the recommendation of the Bank of Italy located just down the road. Nevertheless, greater independence of central banks from governments was a key demand from the Germans in particular, and few EC countries will benefit more than Italy.



Promotion for highly regarded Mario Draghi



## ANNUAL PRODUCTION FALLS FOR FIRST TIME SINCE 1983

INDUSTRIAL production fell by an average 2.1 per cent in Italy last year, the first decline since 1983, according to figures from Istat, the national statistics office, writes Robert Graham in Rome. The figures confirm the recession affecting a broad swathe of industry which began in late 1989. There is no immediate evidence of recovery.

Worst affected were heavy industry and engineering, where output fell 5.4 per cent, reflecting the downturn in the motor industry and machine tools, where plants are working at 75 per cent capacity. In contrast, the food sector rose a modest 1 per cent, underlining the way consumer spending has held up.

Last year's industrial downturn was also confirmed this week by provisional Istat figures showing a 2.6 per cent decline in employment in companies with more than 500 employees. The industrial north was worst affected; Lombardy alone lost 108,000 jobs.

The true level of industrial unemployment, however, is disguised by the practice of state-funded temporary lay-offs. Resort to this mechanism, especially notable in large groups like Fiat, increased by 21 per cent on average during the year, but in the case of engineering the increase was 60 per cent. Large companies also took advantage of a government scheme to help fund 11,000 early retirements last year; a further 25,000 are planned this year.

The shake-out in industrial employment is expected to accelerate, and the government is likely to come under pressure to absorb more workers on the state payroll, following the example of an agreement over the weekend with Olivetti. The government agreed to absorb 1,000 Olivetti workers who had been threatened with job losses.

another of last month's innovations to reinforce the Treasury analytical skills.

The second outsider is Mr Enrico Gramata, formerly head of the legal department at Istituto Mobiliare Italiano, a respected public-sector financial services group. He will head a new directorate in charge of organisational mat-

ters relating to monetary and fiscal policy. More important, he will also supervise the Treasury's hand in dealing with public-sector banks, especially over privatisation.

A frustrated Mr Sarcinelli left Italy for one of the deputy chairmanships of the new European Bank for Reconstruction and Development after hitting out at the persistent inability of Italian politicians to get to grips with the budget deficit. In his parting letter, he also drew attention to the scarcity of economic expertise in the Treasury.

The most important step - yet to come - is the curtailment of the Treasury's right to use the Bank of Italy to fund the budget deficit. As in other countries, the Treasury has an account with the central bank for financing day-to-day public spending. However, the Italian account also carries an overdraft facility which would shame the most open-handed bank manager.

The credit line was originally intended to give the Treasury some flexibility in managing liquidity. But over the years, it has grown into a tool for financing budget deficits. Cumulative usage of the line has risen to more than L10,000bn (\$57bn) according to Mr Riccardo Barbieri, an economist with J P Morgan in Milan.

Use of the line has been more limited in the past two years. However, there are still periods, such as last September, when the Treasury has gone on a binge.

Mr Guido Carli, the veteran Treasury minister, has vowed to reform the credit line, a move that will probably go hand in hand with steps to reduce Italy's currently high bank reserve requirements. With only hours before the dissolution of parliament last month, Mr Carli even put forward a draft law to underline his commitment to reforming the credit facility. Swept aside in the torrent of more pressing last-minute legislation, the bill had no chance of passing into law. But Mr Carli has laid down a marker for the next government.

At 77, Mr Carli, a former central bank governor, has earned a rest, but he may want to soldier on a little longer to see cherished legislation, such as that on limited privatisations, take effect. With the main political parties likely to emerge weakened from the general election in April, Mr Carli's continued presence at the helm would also be a strong signal to other European partners, and to the new blood being brought into his ministry, that change, this time, really is at hand.

## National strike over Portuguese pay award

A NATIONAL one-day pay strike by Portugal's public-sector workers caused widespread disruption yesterday, although support was patchy, writes Patrick Blum in Lisbon.

The strike appears to have been strongest in Lisbon, where public transport, schools and hospitals most affected. International air travellers faced cancellations and delays as ground staff walked out.

Unions called the strike in protest at the government's imposition of an 8 per cent pay rise on more than 500,000 public administration employees, in line with its inflation forecast for the year.

The strike went ahead despite an agreement last weekend with the moderate UGT union, raising its basic offer to about 10 per cent.

## UK opposes ivory trade resumption

Britain is pressing the EC to oppose plans at next month's meeting of the Convention on International Trade in Endangered Species (Cites) to allow a resumption of trade in ivory and other elephant products, writes John Hunt.

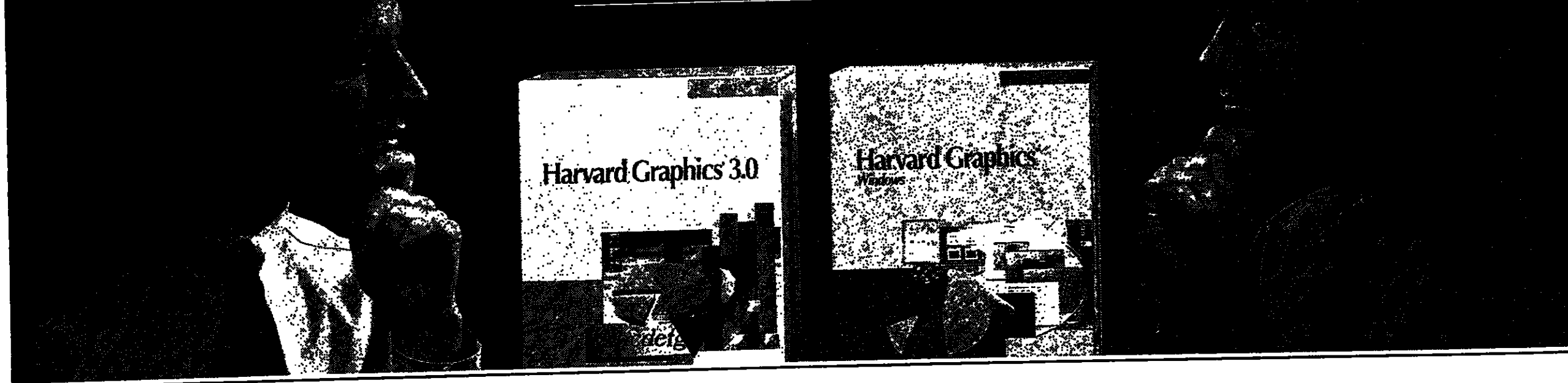
At the Cites meeting in Japan on March 2 some African states, including South Africa and Zimbabwe, are expected to urge that the ban on ivory trading, introduced in 1989, should be lifted. Others, such as Kenya and Botswana, are expected to seek a resumption of trade in other elephant products, such as skins.

The African states argue that money from the trade is needed to help conservation of elephants and other wildlife.

## Swiss fraud arrests

Swiss authorities said yesterday they had arrested more people in a crackdown on a multimillion dollar international securities swindle. Reuter reports from Zurich. Last week police in Basel arrested several people and seized cancelled bonds worth a nominal \$60m. U.S. Swiss citizen in Florida has been charged with bank fraud and interstate transport of stolen securities.

## THE ONE AND ONLY



## YOU AND HARVARD GRAPHICS. TWO MINDS AT WORK.

The ultimate business presentation graphics product has just become twice as powerful. For the one and only Harvard Graphics is now available under Windows.

You will find in it all the power, speed and know-how of Harvard Graphics 3.0 for DOS. And look better than ever by harnessing the world's best-selling presentation graphics package to the versatility of Windows.

The first thing you'll notice is the extraordinary power available to put even more depth - and life - into your business presentations.

The dynamic feature set in SPC's new Windows package means whole presentations will respond to changing data in a variety of linked applications.

You can analyse, modify and view data and even launch new applications in mid-presentation - with the broadest range and depth of charts available. And then have infinite scope for refinement and customisation using an array of pre-designed charts and presentation styles.

Never before has the full extent of pure presentation power been more graphically expressed than in Harvard Graphics.

But then there has only ever been one other mind so tuned to the real needs of business presentation graphics.

You and Harvard Graphics. Need we say more?



Harvard Graphics sounds like the business presentation graphics package I need. Please send me a demo disk. DOS ☐ Windows ☐ in 3.5" ☐ 5.25" ☐ Please send me more information. ☐ I am an existing Harvard Graphics user. ☐

NAME

POSITION

COMPANY

ADDRESS

POSTCODE  TEL.

FAX THIS COUPON TO 0344 860327 OR POST IT TO

SPC EUROPE, RD. BOX 2, CENTRAL WAY, FELTHAM, MIDDLESEX TW14 0TG

OR TELEPHONE 0800 181819 TODAY. F702/92

**SPC SOFTWARE PUBLISHING**

THE MIND THAT WORKS ON YOUR IDEAS



## INTERNATIONAL NEWS

## Reshuffle of Israel's old guard may unlock peace process

Today's Labour leadership election could free the logjam of Jerusalem politics, writes Hugh Carnegie

BETWEEN them, Yitzhak Shamir, 76, Shimon Peres, 68, and Yitzhak Rabin, 69, have occupied the office of prime minister of Israel for 12 of the last 18 years. The overwhelming likelihood is that one of them — polls favour the present incumbent, Mr Shamir — will do so again after the June 23 general election.

Nevertheless, leadership elections in the Likud and Labour parties today and tomorrow promise more than just a reshuffling of the all-too-familiar old guard.

The two contests may not produce new faces at the top. But they will have a considerable effect on the shape of the inevitable coalition government that will emerge from the election, and especially on its posture towards the Middle East peace negotiations launched in Madrid last October. They may determine whether the process, currently sustained chiefly by US pressure on the participants, will achieve anything of substance.

The more bitter is being fought in the Labour party, which under the leadership of Shimon Peres has led a government for only two years since Likud first came to power under Menachem Begin in 1977. In an unprecedented ballot of its 150,000 members today, Yitzhak Rabin, replaced as leader by Mr Peres in 1977, is seeking to take over the party once more.

Two other candidates, Mr Israel Kassar, leader of the Histadrut trade union federation, and Mrs Ora Namir, a veteran party activist and MP, are also on the ballot. But the real contest is between old rivals Peres and Rabin.

Mr Rabin, Chief of Staff during the triumph of the 1967 Six Day War, when Israel captured the West



Shamir (left) could do business with Rabin (right) if the latter defeats arch rival Peres (centre) in today's Labour leadership contest

Bank, the Gaza Strip, the Golan Heights and Arab east Jerusalem, believes Labour is fatally handicapped by Mr Peres' leadership.

His supporters say Mr Rabin can recapture voters who have gone over to the Likud because of fears that Mr Peres is too willing to make concessions to the Palestinians. Like Mr Peres, Mr Rabin favours giving up some "land for peace", in line with the peace talks formula espoused by the US and demanded by the Arab side. But his record and stance is perceived as much tougher than that of Mr Peres.

Mr Rabin, who has the support of most Labour MPs, is the favourite, although Mr Peres is a tenacious fighter who is hoping to deny his rival the 40 per cent support needed for outright victory on the first ballot. A run-off will be held on February 26 between the two leading candidates if no clear result emerges.

According to opinion polls, a Rabin victory would dramatically improve Labour's prospects in June. One showed Labour with 32 per cent support, only one point behind the Likud, under Mr Rabin, but nine points behind on 27 per cent

under Mr Peres.

Labour would probably lose more voters to a new united front of three small "dovish" parties if Rabin is the leader rather than Peres. But they would still be in the camp of natural Labour allies against Likud.

The contest for the Likud leadership tomorrow appears less uncertain. Mr Shamir is challenged by David Levy, his foreign minister, and Mr Ariel Sharon, the hardline housing minister, but should comfortably win in the first round outright.

The vote will be an important

indicator of the relative strengths of the various camps within the party. In particular, Mr Levy has much at stake. As the most vociferous supporter of the peace talks within the government, he needs to achieve a good showing — 25 per cent or more — to secure his future claims on the leadership, his present status as number two to Mr Shamir and to demonstrate backing for his relatively conciliatory stance.

Mr Levy's supporters, mainly drawn from the less privileged Sephardic, or Oriental Jewish communities, tend to be less ideologi-

cally committed to the occupied territories than the old Ashkenazi, or European leadership represented by Mr Shamir.

With unemployment at more than 10 per cent and rising because of the strains of mass immigration from the former Soviet Union, they are concerned that Likud is losing ground to Labour on economic issues. Opinion polls showing up to 80 per cent of the electorate dissatisfied with the government's economic performance bear this out.

The polls show a solid majority of Likud supporters back Mr Shamir's

uncompromising line in the peace talks. But at the same time, more than a third express a less dogmatic approach. For example, a recent survey showed 39 per cent of Likud voters in favour of freeing Jewish settlements in order to win \$100 in loan guarantees from the US.

If Mr Shamir — and perhaps even Mr Sharon — roundly defeats Mr Levy, Likud will go into the June election in as tough a mood as ever. If, in addition, Mr Peres survives as Labour leader, then the betting in Israel is that Likud will emerge again as the biggest party, the economy notwithstanding.

The customary long period of coalition bargaining would ensue (no party has ever won an outright parliamentary majority). But given the deep animosity between Mr Shamir and Mr Peres, a revival of a Likud-Labour partnership is extremely unlikely, leaving instead the option of a right-wing coalition hostile to any peace talks compromise — similar to that which collapsed last month.

Even with Mr Rabin at the head of Labour, the party is given little chance of defeating the Likud. But a Shamir-Rabin coalition would be a distinct possibility. The two have worked closely together before. They disagree on the shape of a final settlement in the occupied territories. But they could almost certainly formulate a joint approach to Palestinian autonomy which would improve the prospects for the peace talks, and the interim solution on the West Bank and Gaza sought as an initial breakthrough by the US. Such an outcome would not be easily achieved, but it would be enhanced if Mr Levy achieves a good result in the Likud vote.

## Boycott ends as LDP agrees on bribery probe

By Stefan Wagstyl in Tokyo

JAPAN'S ruling Liberal Democratic Party and opposition parties last night agreed terms for a parliamentary hearing into a bribery scandal, involving Kyowa, a bankrupt steel frame maker and property developer.

Opposition parties called off a two-week boycott of the Diet (parliament) staged in order to force the LDP to allow a full examination of the affair. The deadlock has delayed debate over the government budget for the new fiscal year which starts in April and other government business. It also provoked renewed criticism of Mr Kiichi Miyazawa, the prime minister, for his alleged failure to defuse the row.

The politician most deeply involved in the scandal is Mr Fumio Abe, a former cabinet minister, who has been charged with receiving a total of ¥900m (\$405,400) in bribes in return for supplying planning information. Mr Abe was originally charged with receiving bribes worth ¥800m. The charge was later amended to ¥900m. The Tokyo district public prosecutor's office this week closed

its investigation of the affair and indicated that no action would be taken against other politicians who also took money from Kyowa.

Mr Abe will probably not be summoned before the Diet since his case is sub judice. But the LDP agreed to demands from opposition MPs to call two other leading LDP members who are alleged to have accepted large political donations from Kyowa — Mr Jun Shiozaki, a former junior minister, and Mr Zenko Suzuki, a former prime minister. Both have denied any wrongdoing.

Mr Suzuki, who was prime minister in 1980-82 and is now 81 years old, had resisted giving testimony before a Diet committee on the grounds of ill health. He offered to give testimony at home. But the LDP has now agreed that both Mr Suzuki and Mr Shiozaki should give evidence in televised hearings next Tuesday.

Even though the Kyowa affair is seriously disrupting Diet business, it is a preliminary event before politicians begin to argue in earnest over

a much larger scandal involving Sagawa Kyubin, a transport company, under investigation by the public prosecutor's office for giving loans and loan guarantees totalling ¥530bn for questionable purposes. Among the recipients of the company's favours was Mr Susumu Ishii, the former head of Inagawa, Japan's second largest gangster organisation.

The Sagawa Kyubin group also gave hefty financial support to around 100 politicians, including several leading LDP members.

Those who have acknowledged receiving funds include sides to Mr Kakuei Tanaka, the former prime minister, who was involved in the Lockheed bribery scandal in the 1970s.

Yesterday an aide to Mr Yasuhiro Nakasone, another former prime minister, acknowledged that a political research institute established by Mr Nakasone after he left office in 1987 may have received donations from Sagawa-related companies. But he said that if Sagawa made donations they were legal.

## US scoffs at Libya's Lockerbie 'hearing'

THE United States yesterday dismissed Libya's legal proceedings connected to the 1988 Lockerbie bombing as a travesty of justice, Reuters reports from Washington.

The state department spokesman, Mr Richard Boucher, said a Libyan hearing at which two Libyans, accused of the murder of 270 people who were on the Pan Am jet, appeared was yet another delaying tactic.

The two men, Mr Abdel Baset Ali Mohammed Al-Megrahi and Mr Al-Amin Khalfia Fhimah, appeared before the media in a meeting room at the Libyan Supreme Court. The appearance, which followed what Judge Ahmed al-Zawi described as a routine investigation session, seemed designed to put to rest reports that Libya had hidden or executed them to evade attempts to have them extradited.

## Crackdown after Abidjan rioting

Ivory Coast's main opposition leader was arrested with hundreds of supporters yesterday when an anti-government march degenerated into the worst rioting seen in the west African country, Reuters reports from Abidjan. Mr Laurent Gbagbo, leader of the Popular Front, was detained at a military camp with other opposition leaders. Mr Alassane Ouattara, the prime minister, said that they were held because the opposition had failed to control the marchers, estimated at about 20,000.

## Algerian Islamic party seeks talks

Algeria's Islamic Salvation Front (FIS), threatened with a legal ban, has offered to enter talks with the government, Reuters reports from Algiers. The FIS, which had a huge lead in Algeria's first multi-party general election when the authorities cancelled a second round voting last month, demanded "the return to the will of the people".

Potchefstroom could well prove little different, though Mr de Klerk is clearly hoping the swing will not be enough to overturn the National Party's 1,584-vote majority in a constituency of 22,000 voters.

The government has perhaps not helped its chances with the announcement on Monday that white parents will soon be required to pay considerably more for the education of their children. The timing of this announcement, two days before a sensitive by-election, is extremely odd.

This is home ground for Mr de Klerk, who attended Potchefstroom University.

When he addressed an election meeting in the town last week, his message was surprisingly candid. Whites, he said, must face the reality of numbers: they are outnumbered 3:1 in Potchefstroom by blacks, and they are no longer able to tame the major-

## UN grapples with border demarcation between Iraq and Kuwait

By Mark Nicholson in Kuwait City

BORDER demarcation in the Middle East, and particularly in the often featureless desert topography of the Gulf states, is notoriously rough and ready business. Pity, then, that the United Nations Commission, trying to reach a definitive demarcation for the line between Iraq and Kuwait, has for the most part been bitterly contested — and among the most clumsily defined.

Roughly speaking, the border was agreed to be just south of the Iraqi town of Safwan and reach the coast where the channels Khor Zubair and Khor Abdullah meet to the north of Kuwait's Buhayn and Warba islands. A working acceptance of this border was in place up to August 1990 when Iraq invaded Kuwait.

After the Gulf war ceasefire, however, the US-led anti-Iraq coalition, backed strongly by Kuwait, sought to define once and for all the precise meeting point of Kuwait and Iraq and set up the special UN Commission accordingly. It is expected to reveal its final decision at its fifth post-war meeting in April.

The trouble is that the official correspondences and maps, mostly penned by British officials in the first third of the 1900s, originally defining the border are full of such phrases as "south of..." and "just south of..." — wholly inadequate for such hotly-disputed territory.

In translating lines on the map into lines on the generally featureless ground, the commission has then had to contend with references to such things as the most southerly

date palms from Safwan and the site of a border post, hampered in place by a British political agent in 1923 — for years the only border post along the entire boundary.

These might be features enough in the scrubby wastes south of Safwan, were it not for the fact that the Iraqis early in the 1920s cannily planted new sets of southerly

date palms and in 1939 stole the original border post.

Deciding on exactly where the border reaches the coast — it is agreed to run in a straight line from the position of the original Safwan border post — has also been complicated by the fact that many of the original British maps were not drawn to scale.

It now appears that the Commission, which has completed most of its field work, has decided that the border should lie somewhat to the north of its

presently-accepted line — a fact which this month prompted Mr Feroz Esraoui, Kuwait's representative on the Commission, to declare that the new border will encroach the emirate's historical rights.

But more pertinently, the question of future political peace in the region will also deny Iraq claims.

Three times this century, in 1913, 1961 and of course 1990, Iraq has belligerently pushed an historic claim to the whole of Kuwait. Its argument ran that Iraq was constituted out of the three Ottoman wilayats of Mosul, Baghdad and Basra, and that Kuwait was part of the latter under Turkish Ottoman rule.

Historians generally agree that this claim is weakly based. Kuwait held an ambiguous, and highly autonomous, place in the Ottoman empire and, anyway, signed a secret

protocol with Britain in 1899 turning the country into a virtual protectorate well before the final dissolution of Turkish influence in the region.

Indeed, Iraq itself has on numerous occasions acknowledged Kuwait's independence, formally so in 1963 through a treaty accepting Britain's 1923 boundary demarcation.

Nevertheless, Baghdad will protest strongly at a line which ceases to pay it several oil wells in the disputed Rumayla field and the best part of its Umm Qasr naval base.

The latter point in particular will inflame Iraq, highlighting as it does the limited sea access available to a large country of more than 17m people heavily dependent, the present embargo notwithstanding, on oil shipped from the Gulf. For years before the 1990 invasion, Iraq had sought some form of leasing agreement over the Warba and Buhayn islands to guarantee its security over sea passage into Umm Qasr and Basra, further north up the Shatt al Arab. This, while President Saddam Hussein remains in power at least, will be out of the question.

"Whether Iraq's historical claims on Kuwait are correct or not, Iraq will never drop its claim on the country," remarks one western diplomat in Kuwait.

The Kuwait government knows this and is already inviting tens of thousands of companies to build a fence along the entire 200km border with Iraq. Work is due to begin as soon as the UN commission formally unveils its final decision.

## Few likely to vote in Punjab

By K K Sharma in New Delhi

A LOW turnout is feared today when Punjabis vote for the first time after nearly five years of direct rule from New Delhi.

Sikh militants have ordered a two-day "bandh" (general closure) which brought disruption to the northern Indian state yesterday and is expected to be enforced today. The day today. Troops deployed to keep the peace during the fortnight's campaign, are expected to face widespread violence today.

Various factions of the Akali Dal, the main Sikh political party, are boycotting the elections under instructions from the militants.

The campaign, cut short to two weeks because of the violence in the state, has been subdued. Few of the usual signs of an election — posters, loudspeakers and party flags —

have been in evidence as both candidates and voters fear they will become targets of the militants.

Unlike the last election in Punjab in 1985, when more than 250 candidates were backed by the militants with the aim of winning control of the legislature and then declaring independence, there are no such candidates this time.

So far about 20 people have been killed in election violence — a low figure by Punjab standards.

Security provided by the military for the elections has been heavy.

All candidates were given protection by the army and they campaigned, if at all, quietly. Elections meetings were held by some national leaders amid tight security and before small audiences. Mr P V. Narasimha Rao, the prime minister,

whose Congress party is one of the main contestants, did not campaign at all.

Apart from the Congress, the main parties contesting the elections for 19 members of parliament and 117 members of the state legislature are the Hindu revivalist Bharatiya Janata Party and the Marxists.

Also in the fray is a small, inconsequential faction of the Akali Dal whose leader, Mr Amrinder Singh, was elected unopposed before the campaign started when his opponents withdrew.

It is believed they withdrew because they wanted at least a token Akali presence in the new Punjab legislature. Mr Amrinder Singh is thought to be backed by the Congress and is tipped to become chief minister of Punjab if no party wins a majority.

Today's by-election in the conservative western Transvaal platteland town of Potchefstroom — a centre of Afrikaners learning and religion — will give the best indication yet of white support for Mr F W de Klerk and the revolution he has wrought in South African politics.

He has challenged the ultra-right Conservative Party (CP) — which wants to reinstate and perfect the apartheid policy abandoned by the ruling Nationalists — to prove its strength in Potchefstroom. It is a risky strategy.

Every by-election since Mr de Klerk took power in 1989 has shown a substantial swing away from his party,

## 'Gorbachev' of the platteland seeks mandate

Patti Waldmeir reports on Mr F W de Klerk's attempt to halt his sliding popularity with white voters

SOUTH AFRICA'S president has a touch of Gorbachev about him: he seems to be less popular among his own people (white Afrikaners) than with his former enemies, at home or abroad.

Today's by-election in the conservative western Transvaal platteland town of Potchefstroom — a centre of Afrikaners learning and religion — will give the best indication yet of white support for Mr F W de Klerk and the revolution he has wrought in South African politics.

He has challenged the ultra-right Conservative Party (CP) — which wants to reinstate and perfect the apartheid policy abandoned by the ruling Nationalists — to prove its strength in Potchefstroom. It is a risky strategy.

Every by-election since Mr de Klerk took power in 1989 has shown a substantial swing away from his party,

ity with force. They must learn to share power, the alternative, he said, would be suicide for the Afrikaners. He was referring to the alternative proposed by the Conservatives: classic apartheid, as practised by H F Verwoerd and his successors, to keep white and black ever separate under the law.

Potchefstroom will help to answer a crucial question: do the Conservatives now speak for the majority of whites? Has Mr de Klerk lost his legitimacy as an Afrikaner leader?

The answer will matter little in constitutional terms: even if the Conservatives triumph in "Potch", they will remain vastly outnumbered in parliament by National Party MPs. And with Mr de Klerk's party caucus holding firm, the Conservatives know they cannot count on members crossing

the floor to topple the president in a no-confidence vote. The constitutional route to revolt is blocked for them. But a Conservative victory could provide a moral basis for the right-wing struggle; whites can argue that they are being governed by an illegitimate regime which has lost its mandate from the electorate.

This could fuel white terrorism — the only real threat to Mr de Klerk's reforms. Mr de Klerk would have to cede a lot of psychological ground to white supremacist groups and to the whole fractured right in South African politics. And though the Islamic right has relatively few members, it remains an important spitting force: the effect of a few well-timed assassinations and well-placed bombs could prove catastrophic.

A Conservative victory in Potchefstroom would, inevitably, raise the frightening prospect that the National

Party might also fall when they put a new constitution to a planned referendum of white voters. Mr Cyril Ramaphosa, secretary general of the African National Congress (ANC), has said there would be a revolution in South Africa if whites reject a constitution agreed to by the rest of its people. Conversely, a defeat in Potchefstroom could work to Mr de Klerk's advantage: it would concentrate the minds of ANC leaders on the need to win whites over with a constitution that gives minorities real power.

Because they, too, will lose if Mr de Klerk's referendum fails, they are far from keen to return to the revolutionary struggle, and have begun to like the taste of national political power. If Mr de Klerk wins Potchefstroom, he can claim to be white South Africa's undisputed leader; if he loses, he can press the ANC for help. He could end up winning, either way.



De Klerk: less liked by Afrikaners than by some former enemies



## Bush looks to heavy turnout in primary

By Lionel Barber in Manchester, New Hampshire

PRESIDENT George Bush was yesterday hoping for a heavy voter turnout in New Hampshire to contain Mr Patrick Buchanan, his right-wing Republican challenger, in the first primary election of the 1992 presidential campaign.

As Mr Bush waited nervously in Washington, Mr Buchanan's campaign buses took to the streets in a last-minute drive to drum up support. Although the president held a solid lead going into yesterday's contest, the White House said yesterday it was concerned about turnout

among Mr Bush supporters.

The Democratic race focused on former Senator Paul Tsongas of Massachusetts, a self-styled pro-business liberal, who has risen from obscurity to become the front-runner. A victory by Mr Tsongas could throw the Democratic campaign into turmoil, encouraging better-known national Democrats to come forward.

New Hampshire has a tradition of upsets, one part king-maker and one part giant-killer. In 1988, President Lyndon Johnson dropped his plans for re-election after an unexpected

strong showing by Senator Eugene McCarthy, the anti-Vietnam war protester.

This year's race is doubly unpredictable because the state has lurched from boom to bust in the past three years. Mr Bush has come under withering attack from Mr Buchanan and the five leading Democratic candidates for being an absentee president who has failed to end the recession.

Some Republican strategists were raising questions about Mr Bush's decision to avoid attacks on Mr Buchanan. A 35-40 per cent showing by Mr

Buchanan would generate huge publicity for the conservative TV commentator even though he has no serious hope of winning the nomination.

One sign of volatility came early yesterday. Voters in Dixville Notch near the Canadian border defied predictions by casting enough votes for Mr Andre Marrou, the libertarian candidate, to win outright.

Of 31 votes cast, Mr Marrou, whose party favours the abolition of income tax and the legalisation of all drugs, took 11. Mr Bush received nine and Mr Buchanan three.

A record 62 candidates are in the New Hampshire ballot.

A complicating factor in the Democratic race is a movement to draft Governor Mario Cuomo of New York as a candidate. A strong showing of 15 per cent, may increase pressure on him to enter.

Governor Bill Clinton of Arkansas, the early Democratic favourite dogged by unsubstantiated charges of adultery and draft-dodging during the Vietnam war, has vowed to continue his campaign even if he fails to clinch an expected second place.

## Creditors reject debt demand by Argentina

By John Barham in Buenos Aires

ARGENTINA'S creditor banks have rejected demands by Mr Domingo Cavallo, economy minister, for a 40 per cent cut in the country's \$31bn (£17.1bn) commercial bank debt under the Brady debt reduction plan.

They offered instead a 30 per cent reduction and insisted on a \$1bn cash payment to reduce more than \$8bn in interest arrears. Mr Cavallo had offered no cash payment. The banks also demanded higher interest rates and shorter maturities on discount bonds Argentina will issue to replace debt certificates.

Besides wanting to make as few concessions as possible, bankers want to avoid prece-

dents which Brazil, the developing world's largest debtor, would exploit.

Mr Cavallo said last month when debt talks began that he wanted an agreement as quickly as possible. However, he has been criticised for not demanding greater concessions and for weakening his bargaining position by aiming for a rapid settlement.

He hopes that operation of a Brady plan - named after Mr James Brady, US treasury secretary - will increase capital flows to finance a deteriorating balance of payments.

Cavallo, right, seeks quick deal with banks



## Venezuela reform agenda is long - but time is short

Stephen Fidler examines the problems laid bare by the abortive coup against Pérez

AN ABORTIVE coup two weeks ago has laid bare many of the problems facing Venezuelan society but was not a direct result of the government's economic reform programme, according to politicians, economists and diplomats in Caracas.

A series of interviews suggested the need for reform in the armed forces, the electoral and political system and improved provision of public goods such as education and health. There was doubt about the capacity of the government of President Carlos Andrés Pérez to address all these issues.

The president said in an interview that the coup of February 4 was being planned before he took office three years ago. This version of events, supported by others close to the armed forces, would rule out his economic reform programme as the direct cause of the coup. However, the coup leaders appear to have been influenced in their timing by the belief that support for the government among the population had reached a low ebb.

This perceived lack of support - senior figures in the president's own Democratic Action (AD) party say their polls suggest it is concentrated in the middle classes rather than among the poor - amplified the dangers presented by the coup attempt.

However, Mr Pérez's assertion in the interview that there was little support for the coup among the armed forces is questioned by some individuals

officers have been that many of the higher command are raking off large sums of money which are not available lower down the ranks.

Persistent accusations of corruption against politicians and senior military men - and the failure of successive elected governments to improve the state of the oil-dominated economy, particularly since the end of the 1970s oil boom - have encouraged an ill-defined desire among some Venezuelans for a "new beginning".

According to one diplomat, this may be a signal that rather than strengthening over time, democratic institutions begin to weaken. It is 34 years since the downfall of the last military dictatorship in Venezuela; the memories of it are much fresher in Argentina, Brazil or Chile.

The current government has reduced some opportunities for corruption, although even the president admits it remains a problem. None the less, memories of his previous administration, in power at the height of the oil boom - have not helped his reputation as a fighter of graft.

The overall reputation of politicians and political parties is low. "The government doesn't set a very good example," said Mr Freddy Rojas, president of Fedecamaras, an organisation representing Venezuelan business interests. "We need to 'moralise' the government," said Mr Julio Camino, an AD deputy.

Herein lies the importance of further electoral reform. President Pérez has moved some way towards this, introducing direct elections at a local level. However, his proposals to introduce "uninominal" or direct voting of deputies to the national legislature have been blocked.

The current system has the parties creating "slates" of candidates. Once on the slate in the right area, a politician's future is thus guaranteed. His loyalty thereafter is then to the party chiefs so that they keep him on the slate, rather than to the people who voted for him. This system of party patronage works right down to the lowest level. Rather as in the Soviet Union, having a friend in the party determines, for example, whether an individual gains access to a hospital bed.

In embarking on a \$4bn programme to improve the provision of health care, education and other aspects of social welfare, the government is recognising that there is a lack of public investment in these areas, although whether it will tackle chronic poor maintenance which hampers the Venezuelan public sector is another question.

Mr Robert Bottome, an economist and publisher, says the government has had some success in cushioning the effects of its economic programme on the poor, providing food and income support for mothers, for example, to cover for increased costs associated with lost subsidies.

However, it had patently failed to provide goods associated with public investment. Mr Bottome's solution, at a time of budgetary stringency, would be to accelerate the privatisation of Venezuela's public sector enterprises to generate funds for public investment in areas such as health. Even excluding oil, the public sector in Venezuela accounts for 28 per cent of gross domestic product.

According to Mr Gustavo Cisneros, chairman of the Venezuelan conglomerate, Organización Cisneros, and a friend of the president, the government "should accelerate privatisation so that the benefits will come through faster and also place greater emphasis on the social programme".

The coup attempt, if not a direct result of his economic programme, can be seen as a manifestation of a more general economic malaise. If President Pérez is going to tackle these problems his agenda is a long one. The events of two weeks ago suggest he may not have as much time as he thought.

## Milken lawsuits deal proposed

By Nikki Tait in New York

MR MICHAEL MILKEN, the former junk bond king, will pay an additional \$500m (£276.2m) into a fund to compensate the victims of his securities frauds under a proposed outline settlement of civil lawsuits stemming from the collapse of the Drexel Burnham Lambert investment bank.

Mr Milken - who built up and headed the high yield bond department at Drexel - has already put \$400m into the fund.

Other officials of Drexel, which filed for bankruptcy protection in February 1990, would contribute \$300m in aggregate

under the proposed deal. Drexel's insurers would reportedly add another \$100m.

Mr Milken faces suits from small investors as well as the Federal Deposit Insurance Corporation acting on behalf of savings and loan organisations which were big Drexel clients. There has been much recent speculation that he would try to settle the civil actions.

The FDIC, which oversees the banking and thrift industries in the US, yesterday declined to say whether it was satisfied with the proposed settlement package.

Yesterday, Mr Milken's spo-

kesmen - along with the FDIC - pointed to a "tag order" insisted on by Judge Milton Pollack, overseeing the Drexel bankruptcy, and declined to comment.

There has been considerable pressure from Judge Pollack to reach settlements in the wave of litigation which followed Drexel's collapse, and thus to avoid courtroom battles which could drag on for years. His urgings had already prompted a settlement in the Drexel bankruptcy proceedings, with securities litigants and traditional creditors agreeing to split the spoils.

## Twin banknotes embarrass mint

ARGENTINA is investigating claims that its National Mint has been forging banknotes, writes John Barham.

Last July, two authentic banknotes appeared with identical serial numbers and worth \$50 each. Alarm grew when a pair of smaller denomination notes surfaced. It soon emerged that the duplicates were coming from the mint, although how they leaked into the economy was unclear.

The central bank has no

idea how many duplicates are in circulation but strenuously denies massive printing of fakes. Argentina has about 1.1bn banknotes in circulation, worth \$8.1bn (£3.4bn), so the probability of detecting duplicates is tiny.

Officials claim the affair has been blown out of proportion by a press baying for scandals. But the government ombudsman said yesterday he had reopened an inquiry begun in July. A letter written in

August to the mint by Mr Roque Fernandez, central bank president, and leaked at the weekend indicated high-level concern.

Mr Fernandez rejected the explanation by Mr Armando Gostanian, head of the mint, that the twin banknotes were produced by faulty printing equipment. The central bank now believes the extra notes were replacements for notes with small printing errors that should have been destroyed.

ON  
DAY ONE  
WE STEP OUT  
FIRST.

FIRST IN  
PRIMARY  
RELATIONSHIPS  
WITH U.S.  
CORPORATIONS.

FIRST IN  
LOAN  
SYNDICATION  
WORLDWIDE.

FIRST IN  
INTERBANK  
FOREIGN  
EXCHANGE.

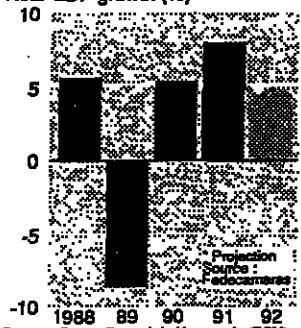
FIRST IN  
ENERGY  
BANKING.

FIRST IN  
REORGANIZATION  
FINANCE.

FIRST IN  
TREASURY  
MANAGEMENT  
SYSTEMS.

### Venezuela

Real GDP growth (%)



Source: Banco Central de Venezuela (BCV)

close to the army.

According to one of them, up to a quarter of the army's 40,000 officers and men may have backed the coup, and as much as 50 per cent of its first power. That the coup failed was a consequence of ineptitude in its planning and the rebels' failure to secure their first objective of capturing or killing the president. The coup leaders had not gained support in the air force or in the streets and did not take over the capital's television and radio stations, a lapse that allowed the president to make a broadcast to the country.

The origins of the coup lay with a group of soldiers who passed through the Venezuelan military academy in 1974 and 1975. The rebel's ideology appears, to a European eye, an anachronistic farrago of idealism and Latin military machismo. Their leader, Lt Col Hugo Chavez Frias, had charismatic qualities which appealed to young officers, an increasingly disgruntled group whose standard of living had declined dramatically under the last two governments.

According to Gen Italo del Valle Alliergo, a former defence minister and head of the armed forces, Venezuela's military has tended to draw its personnel from all of Venezuelan society. "A military caste, such as in Argentina, Ecuador, Peru and even Colombia, doesn't exist in Venezuela."

The military's support for the democratic order appears, partly for this reason, to have been taken for granted and the army, in common with other institutions of state in Venezuela, left to decline.

Salaries are extraordinarily low. A general receives 70,000 bolivars (\$1,100) a month, now being increased by 30 per cent, a figure that will do little but keep pace with last year's inflation. The perception among some lower-ranking



## WORLD TRADE NEWS

## Western capital to help uplift Lenin's home town

Maker of the world's largest transport aircraft is set for a revolutionary venture, writes Leyla Boulton

LENIN'S home town is the site of a bold attempt to marry the pride of former Soviet communist industry with western capital.

Although the town of Ulyanovsk itself is stubbornly clinging to the name it received in honour of the revolutionary who started life as Vladimir Ilyich, its huge aviation plant has turned itself into a joint-stock company, able to sell shares to outside investors.

In its pursuit of foreign capital, the maker of the Antonov-124, the largest transport aircraft in the world, has even given itself a western-sounding name, Aviatar.

And it plans soon to sign a deal with Robert Fleming, the UK investment management company, to produce a medium-range passenger aircraft, the Tupolev 204, upgraded with Rolls-Royce engines and western avionics.

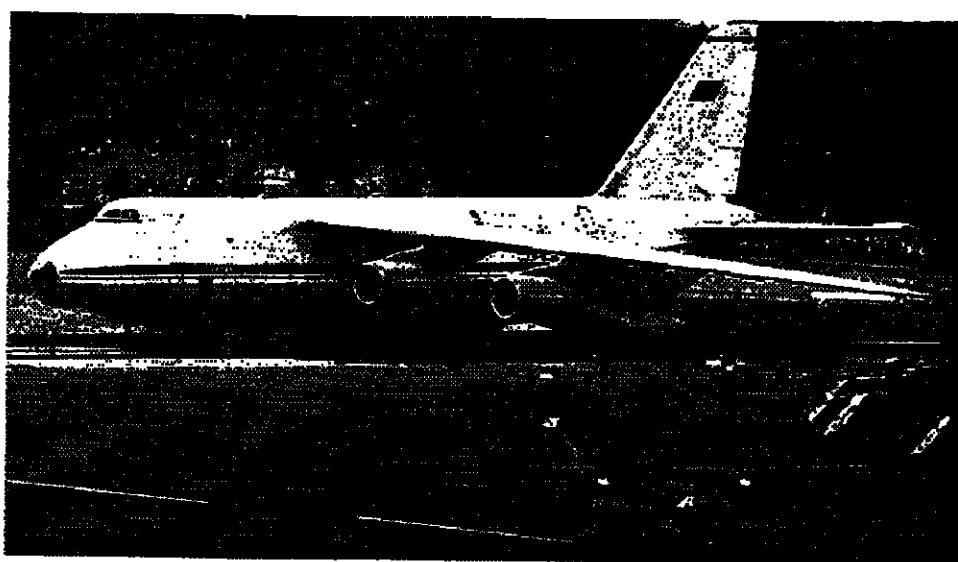
"We do not know the intricacies of market economics," admits Mr Viktor Mikhailov, the plant's general manager, whose taciturn appearance conceals a tough entrepreneur. But he is confident that "with western capital, as well as your know-how in sales and marketing, we can produce a plane that is not only far cheaper but which can compete in all other respects with any western

equivalent".

He doubts he will be allowed into European and US markets, but he sees potential in Asia and the Far East, and even Russia. For the domestic market, he is already producing a no-frills Russian-only version. Rolls-Royce, which would supply engines to the TU-204 similar to those which fit most Boeing-787s, has been involved in the negotiations though it will not be taking a stake in the venture. It would be paid out of foreign exchange earnings from sales of the aircraft outside the former Soviet bloc.

Built on the banks of the Volga River, the aircraft plant is a typical product of a Brezhnevite passion for sprawling industrial complexes equipped at great expense with imported technology and endowed with their own housing, social care, farms and shops.

But under the combined effect of market reforms and government bankruptcy, the plant is increasingly having to fend for itself. The state has cut off all funds and investment, leaving unfinished key parts of the plant such as the paint shop. Military orders which used to account for most of the plant's business have shrunk to almost nil, and the government still owes money for past deliveries of aircraft. Moscow has also landed the plant's management with



The Antonov-124: its builders hope to stay in business with western support

responsibility for the livelihood of 160,000 people - workers and their dependants who live and work on this 6,500-hectare site, including the street cleaners, doctors and teachers who work in the township built specially for the factory. This means that two-thirds of Mr Mikhailov's revenues are gobbed up by social spending.

Apart from this, Mr Mikhailov's biggest worry is the high prices charged by monopoly producers and the difficulties

of maintaining traditional contracts with suppliers.

"You can't have democracy without discipline," he says, echoing the deep dissatisfaction of many Soviet managers with the economic effects of the Soviet system's collapse. Although his production has not been affected for the first quarter of this year, he warns that a failure by republics to keep up previous deliveries to each other's plants will spell disaster.

Mr George Horton, the tireless American who heads Fleming's Russian investment fund, says it is too early to tell how much foreign capital would be required for the Tu-204 project because it is not yet clear how many aircraft will be produced. Although a prototype could be ready for the Farnborough air show in September, it will take at least three years to get the aircraft certified in the west. Mr Mikhailov says it would

cost \$1bn to modernise the plant to his satisfaction - for instance to expand production of the Antonov-124, and turn it into an 800-seat passenger aircraft. His figure would presumably include building flats for all his workers.

But he knows he will have to content himself with far less.

Like Fiat in its talks with the Russian carmaker AvtoVAZ, Robert Fleming wants to insulate its investment by creating a separate company for the joint project, rather than to buy directly into Aviatar. This is because Aviatar itself, like other big companies such as KAMAZ, the truck maker, carries a heavy burden of non-productive assets, such as schools and housing, which as KAMAZ found through bitter experience when offering shares last year, are of no attraction to western investors.

Given the political instability and the difficulties of investing in Russia, such a marriage does not promise to be easy to start with. But both the western and Russian partners say they are looking for a long-term relationship.

"At the end of the day you have faith that the Russian government will not do something to hurt foreign investors, because they need foreign capital," says Mr Horton. "If you don't believe that, you shouldn't be here."

## Gatt members set to oppose US on tuna import curb

By Frances Williams in Geneva

GATT members yesterday lined up to back endorsement of the controversial disputes panel ruling against US curbs on tuna imports.

The ruling was raised at the regular meeting of Gatt's governing council not by the complainant, Mexico, but by the EC. The EC has been directly affected by last month's US court ruling extending the ban on tuna imports from Mexico and Venezuela to re-exports of these imports by, among others, France, Italy and Spain. Some 20 countries are thought to be affected.

Rich and poor countries urged adoption of the panel report, completed last August. Under US pressure, Mexico had agreed not to take the case further. It has become a *cause célèbre* for environmental groups, mainly in the US, which claim Gatt rules prevent action to curb pollution or protect endangered species.

The US banned imports of Mexican tuna, saying Mexican fishing fleets kill too many dolphins in their tuna nets. The panel said the US had contravened Gatt rules, because discriminatory trade measures could not be used to impose environmental laws outside a country's own jurisdiction.

Those urging adoption of the report said Gatt rules did not stop governments taking domestic measures to protect the environment nor concluding multilateral environmental pacts. But the panel argued that countries could not restrict imports of a product merely because it originated in a country with environmental

policies different from its own. Mr Andras Szepesi, Gatt panel chairman, argued that if countries wished Gatt to allow trade sanctions in response to different environmental regulations, they should do so by amending Gatt rules or waiting until the interpretation of existing rules permitting limited exceptions. This, he said, would enable Gatt members to limit the range of policy differences justifying trade sanctions and to develop safeguards to prevent abuse.

Mexico said it would support multilateral measures to reduce incidental dolphin kills in fishing nets. Mr Rufus Yerxa, US ambassador to Gatt, said the administration was seeking a solution to accommodate the interests of all those involved. But it could not overturn decisions of the US courts and at this point, the only way to change matters might be through legislation. The council will return to the issue in March.

Other issues discussed by the Gatt council included:

- \* The council agreed Romania's request for a working party to renegotiate its 1971 membership terms.
- \* The US was granted a waiver from Gatt's non-discrimination (most-favoured-nation) rule to extend preferential trading arrangements to Colombia, Bolivia, Ecuador and Peru.
- \* Canada agreed to the adoption of a dispute panel report upholding a US complaint on discrimination against beer imports by Canada's provincial liquor boards.

## Trade negotiators push to complete Nafta draft

TRADE negotiators are this week pushing in secret sessions in Dallas to complete large sections of the draft of the North America Free Trade Agreement (Nafta), Nancy Dunne writes from Washington.

The talks, scheduled for February 17-21, are seen as critical. If a complete pact is to be introduced to the US Congress this year, it is thought the pact must reach Congress in some form by the end of next month. If it is to pass this year, the legislation, to be introduced this week by Congressman Jim

Jontz (Democrat, Indiana), would remove the deadlines set out in the Nafta "fast-track" approval process.

Instead of the five-month procedure approved by Congress last year, members would have an unlimited amount of time to consider a Nafta. The Jontz bill will allow amendments to the Nafta pact in five areas: labour and environment standards; worker adjustment assistance; rules of origin and dispute resolution.

Broad support is expected because of the way the economy has recently deteriorated.

## China 'will need foreign capital for Yangtze dam'

CHINA will need foreign capital and manufacturing expertise to go ahead with the Three Gorges project to control flooding in the middle reaches of the Yangtze River through construction of a huge dam, Simon Holberton reports from Hong Kong.

Zhao Chuanshao, a ministry of water resources official, said China was "interested in securing foreign loans" to finance the multi-million-dollar project and leading foreign manufacturers to help make parts for the project, the English-language China Daily reported yesterday.

China would be willing to import technologies and materials to build the 680,000KW turbo-generators and the 500,000-volt transmission lines to carry electricity generated.

The dam would dwarf any in the US and exceed the capacity of Brazil's dam at Itaipu, the world's biggest.

A water level of 150 metres would produce a reservoir stretching 250 miles.

## Hong Kong to call submarine tunnel tenders

THE Hong Kong government plans to call tenders for building and operating an estimated HK\$4bn (£283m) submarine tunnel linking Victoria Island to the Kowloon Peninsula, it said yesterday, Simon Holberton reports from Hong Kong.

The Western Harbour Crossing is one of the core projects of an infrastructure development which, by 1997, will see the opening of a new airport, a suspension bridge and associated roads. Many of the new developments will be built on reclaimed land.

The tender will be let on a "build, operate and transfer" arrangement. The successful bidder will be awarded franchise to operate the tunnel for 30 years and to charge tolls, after which ownership will be transferred to Hong Kong's government.

Work on the tunnel is expected to begin by June 1993 and be ready for traffic by the "middle" of 1997. Hong Kong reverts to Chinese sovereignty on July 1, 1997.

## NEWS IN BRIEF

## Norwegians win DM300m Daimler fuel-system order

DYNO INDUSTRIES, the big Norwegian chemicals producer, has been awarded a DM300m (£104.5m) contract by Daimler-Benz to supply fuel tank systems to a new Mercedes model to be produced in 1993, it said yesterday, Karen Fossli reports from Oslo.

The contract is seen as a breakthrough for Norwegian vehicle parts makers. Awarded to Dyno's German-based subsidiary Dynoplast Elbatainer, it calls for the company to invest DM20m in new production equipment. Dynoplast expects to make 200,000 fuel systems a year for the new Mercedes.

STATOIL has awarded Treasure Prospect, a wholly-owned subsidiary of Wilrig, a contract valued at over NKr650m (£88m) covering drilling and completion for 24 wells on the Loke, Sleipner East, Statfjord North and Statfjord East fields, Karen Fossli reports.

The contract includes an

option for possible additional work which, if exercised, could take its value up to NKr940m, Wilrig said.

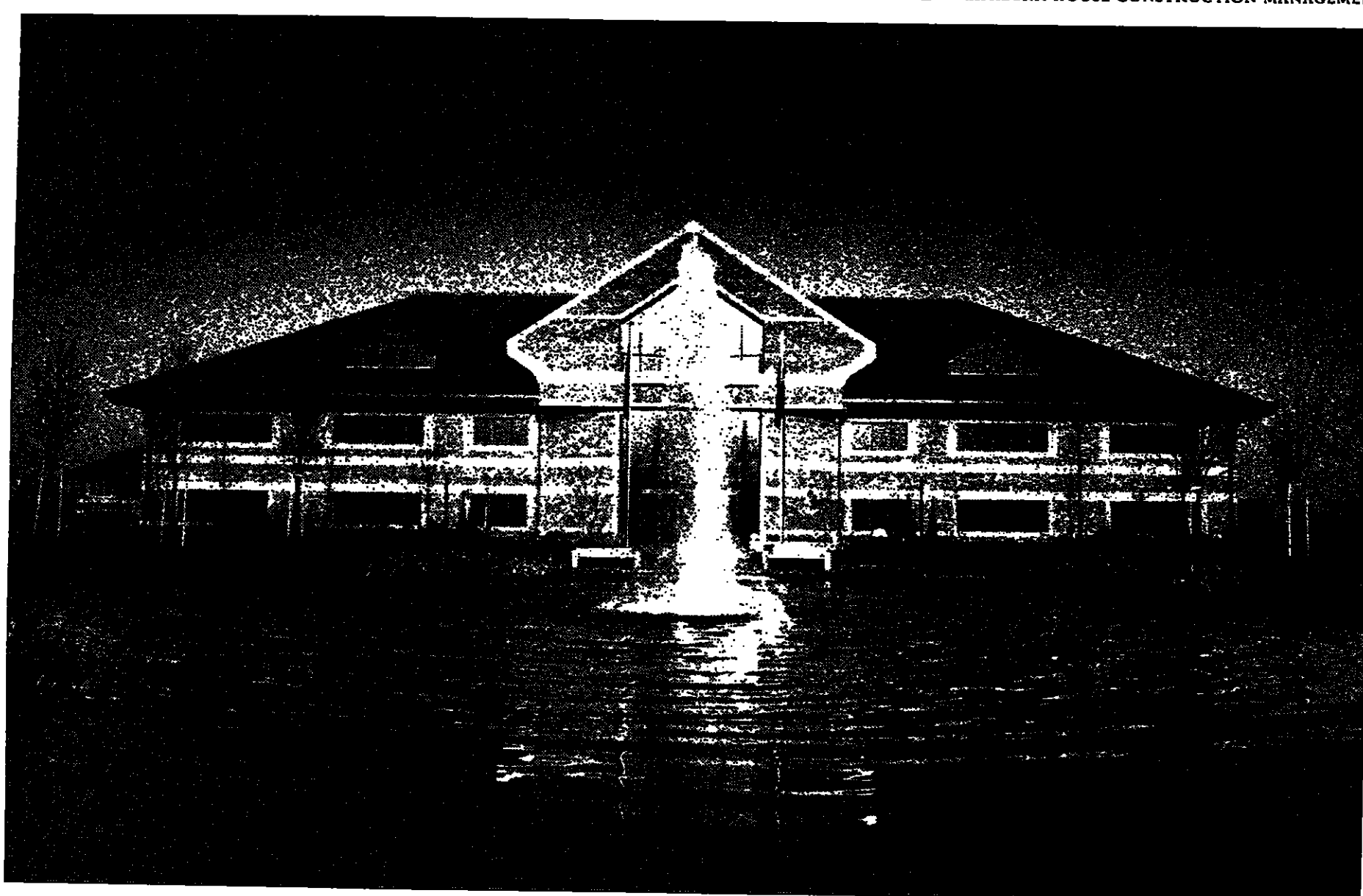
Loke and Sleipner East are scheduled to come on stream October 1, 1993, with Sleipner North due to start in April 1994, and Statfjord East the following October.

## Finnish paper deal

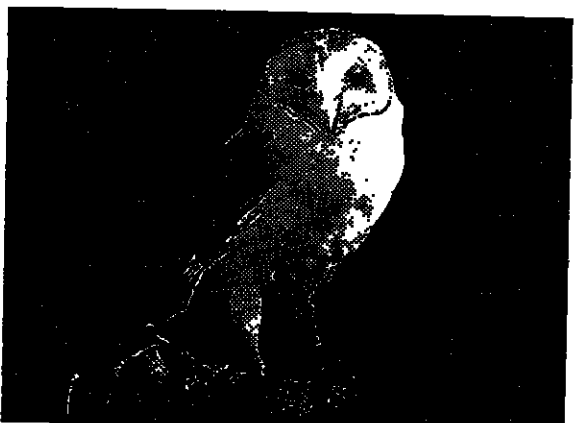
ENSO-Gutzeit, the Finnish paper and pulp group, intends to build a FM2bn (£254m) newsprint mill near Leipzig in eastern Germany, Robert Taylor reports from Stockholm. The group will produce 280,000 tonnes of newsprint a year, mainly from recycled fibre after production starts in summer 1994.

A letter of intent for the project has been signed with the economy ministry of Saxony and the province of Ellenburg. Work on the mill should begin early next year.

TRAFALGAR HOUSE CONSTRUCTION INC (USA) □ AGENT PLANT □ TROLLOPE & COLLS CONSTRUCTION □ TRAFALGAR HOUSE CONSTRUCTION MANAGEMENT □



When we built this office block we made provision for two extra wings.



**TRAFALGAR HOUSE CONSTRUCTION**

MITCHAM HOUSE • 681 MITCHAM ROAD • CROYDON • SURREY CR9 3AP  
TELEPHONE 081 689 2266  
TELEX 946511 CEMCRO G • FACSIMILE 081 665 5915

When Trafalgar House Construction started work on a new office development for Brixton Estate plc at Horsham Business Park, there were some unusual sitting tenants on the site.

A family of Barn Owls. To re-house them the developer asked us to incorporate a special Barn Owl Tower into this design and construct project.

A typical example of how we are able to reconcile customer requirements, economic realities and environmental concerns.

No more perhaps than you would expect from Britain's largest construction business. But size alone is only part of the story. Of much greater significance is the tremendous breadth of

technical expertise spread through our operating companies. Which gives us a unique ability to provide flexible and effective solutions to the most challenging and complicated problems.

We achieve this by putting together the right team with the right skills to meet any clients' requirements. Whatever the nature and size of the project and wherever in the world it is located.

All of this adds up to a package of resources, knowledge and technological support unrivalled in the construction industry.

It is supported by a degree of understanding for clients' needs appreciated by wise folk everywhere.

TRAFALGAR HOUSE CONSTRUCTION (MAJOR PROJECTS) □ CEMENTATION MINING □ CEMENTATION PILING AND FOUNDATIONS □ FEDERAL CONSTRUCTION □ CEMENTATION ZIMBABWE □ CEMENTATION AFRICA

TRAFALGAR HOUSE CONSTRUCTION (REGIONS) □ TROLLOPE & COLLS (CITY) □ RASHLEIGH PHIPPS □ CLARK & PENN □ TROLLOPE & COLLS (JONERY) □ SAMUEL ELLIOTT □ RICHARD LEE □ DAVE MINING □ TRAFALGAR HOUSE INTERIORS

TRAFALGAR HOUSE TECHNOLOGY □ CLEVELAND STRUCTURAL ENGINEERING □ CBE MIDDLE EAST □ GAMMON CONSTRUCTION □ CEMENTATION AFRICA



## UK NEWS

## Labour councils happy playing the Tory game

Andrew Adonis on the response of left-wing leaders to City Challenge and their hopes for future change



Michael Heseltine pictured announcing urban aid

## UK government pledges £750m in urban renewal

By Andrew Adonis

MR MICHAEL HESELTINE, UK environment secretary, took the election campaign to the opposition Labour Party's heartland yesterday, pledging £750m for urban renewal to 20 inner cities under the second phase of the government's City Challenge scheme.

All England's 57 urban priority areas - including the 11 successful in last year's pilot competition - are free to bid for the funds. Each "winner" will receive £37.5m, spread over five years from 1993-94.

The 57 cities - with average unemployment rates of more than 12.5 per cent - are concentrated in London, the north, the north-west and Yorkshire.

Bids for funds must comprise a scheme by which local authority to improve a run-down area in partnership with local businesses, voluntary groups and community organisations.

The £750m is not new money. Like the £412m allocated in the first phase, it is "top-sliced" from the government's existing urban programmes. Funding for the two phases combined will take up about a fifth of the budget allocation for the four main urban programmes - with serious

implications for councils unsuccessful in the bidding.

"City Challenge is about vision, quality, partnership and expecting local authorities to lead their communities," said Mr Heseltine.

Mr David Blunkett, Labour's local government spokesman, said the government was "playing games" with inner cities. "Those authorities who lose will have wasted time and very scarce resources," he said.

Mr Jeremy Beecham, chairman of the Association of Metropolitan Authorities, condemned the principle of bidding, but was "pleased" all urban priority areas would be able to compete.

In addition to yesterday's launch in London, ministers plan "regional seminars" to publicise City Challenge in the weeks up to the election.

If in office, the government intends to pick "winners" by the end of July. If Labour takes office, Mr Bryan Gould, shadow environment secretary, has pledged it will meet funding commitments, but there after integrate City Challenge into a single urban programme to be distributed on the basis of need.

ALMOST all the 57 urban areas eligible to compete for the £750m of City Challenge funding announced yesterday are under Labour control; for while the Tories run central government, Labour are entrenched in town and county halls throughout Britain.

Predictably the 57 councils joined Mr Bryan Gould, the national opposition Labour Party's spokesman, in denouncing the City Challenge competition as a "game show... pandering to the whims and prejudices of an egocentric environment secretary".

They will play the game all the same - with enthusiasm, in many cases. Manchester, for instance, won funding in last year's competition to renovate its shabby Hulme district. And while Mr Graham Stringer, leader of the city council, opposes the bidding element in City Challenge, he declares himself "far from cynical" about the process involved in preparing the bids.

"It has brought together government, council, tenants, businesses, churches and voluntary bodies to help find a common solution to our urban problems," he says. "If Labour takes office, we need to keep that process, the contacts made are lasting."

It is a typical response. The



IF THE BOAT COMES IN: Newcastle looks forward to life after the Tories but still relished City Challenge

crusading socialism of the early 1960s is little in evidence among today's generation of Labour council chiefs. Leading personalities like Mr Stringer and Ms Margaret Hodge in Islington, once heroes of the "hard left", are pragmatists today. Others like Mr Jeremy Beecham in Newcastle, were Kinnockite "soft-left" from the start.

"The old left/right divide is obsolete," says Mr Rod Hills, leader of York City Council.

"Now, the division is genera-

tional between innovators and an old guard." If Labour win the election, much more besides City Challenge will turn on the respective influence of the two sides.

Both groups are largely united on five priorities: abolition of county councils and the creation of single-tier all-purpose authorities; the return of the business rate to local councils; a general power of competence for councils to act - and spend - as they see fit; abolition of compulsory competitive

tendering (CCT); and freeing of councils' accumulated capital receipts for them to spend on housing and other programmes.

"If they release part of our £30m in capital reserves, we will start a house-building programme the next day," says Ms Janet Silet, leader of Norwich council.

Mr Gould has warned councils that Labour would relax spending constraints "progressively". The rate of progress is likely to cause tension.

He is also committed to abolishing the compulsory aspect of CCT. But without compulsion, few Labour councils are likely to put their services out to tender. Many of the informal councillors' workshops at Labour's recent local government conference in Blackpool were devoted to ruses for setting contracts so that in-house direct labour organisations (DLOs) are likely to win them, as the great majority have done so far.

Yet CCT highlights the new

divide. The old guard simply wants to be free of it and like most of the local government trade unions, bankers for the *status quo ante*. By contrast, the innovators are keen to retain - and even extend - the cost centres, service plans and quality targets that have been part of the CCT process.

"Targets and effective monitoring are critical," says Manchester's Mr Stringer, who is pressing ahead with service plans for every council department in Manchester. "It's amazing that local authorities often don't even know how many they employ, let alone what they do."

Yet Mr Gould's reference to "our new Quality Commission to raise standards" met with stony silence at Blackpool. In Norwich, Ms Silet - who boasts, "we're not part of the New Look Labour Party" - is openly suspicious. "I don't know how it would work, and it has inherent dangers of centralisation. I would not even want to keep it as a reserve."

Among innovators, partnership is the vogue word. It underpins a growing commitment to community politics on the one hand, and regional and European government on the other. "When I go to Brussels," comments Mr Stringer, "I get a much friendlier reception than in Whitehall these days."

THESE  
AREN'T THE  
LAST TIMES  
WE'LL BE FIRST.

On our first day in business the new Chemical is:

- ◆ first in primary relationships with U.S. corporations,
- ◆ first in loan syndication worldwide,
- ◆ first in interbank foreign exchange,
- ◆ first in energy banking,
- ◆ first in reorganization finance,
- ◆ first in treasury management systems.

Being first is a beginning for us, not an end. It lets us hit the ground running, a major financial force born of our merger with Manufacturers Hanover Corporation and backed by \$139 billion in assets and \$8.8 billion in shareholders' equity.

Yet we bring more than momentum and unassailable financial strength to our corporate relationships.

We offer the experience, intelligence and ingenuity our people use to solve financial problems. With this energizing spark, financial strength can realize its full potential, and momentum becomes unstoppable.

Companies in the U.S. and around the world look to us for authoritative advice and fresh, cost-efficient financial solutions as well as financial strength. In 24-hour, integrated markets borrowers and investors alike turn to us for streams of ideas as well as lines of capital.

And in everything we do, and with every company we serve, we seek to build long-term relationships of trust.

First, last and always.

FT  
TV

## "The Immigration Time Bomb"

Financial Times Business Weekly reports on the millions of Economic Refugees seeking a new life in the European Community.

Dr. Gianni De Michelis,

Italy's Foreign Minister,

Jacques Attali,

Henry Kissinger,

Susan Woodward of the

Brookings Institution, and

Yeltsin Adviser

Galina Starovoitova,

discuss the Options for Policy Makers.

Wednesday 21.30 and Sunday 18.00 (CET) on

Superchannel

Thursday 20.30, Sunday 12.30, 19.30 and 00.30

(GMT) on Sky News.

FTTV

Number One Southwark Bridge,  
London SE1 9HL, England.  
Telephone: (44-71-) 873 3541

**CHEMICAL**  
The Global Bank



## UK NEWS

Financial Law Panel to watch over legal 'grey areas'

## Bank seeks new legal monitor

By Robert Rice, Legal Correspondent

A CITY panel to tackle problems in the UK's financial markets caused by grey areas in the law was called for yesterday by the Bank of England's Legal Risk Review Committee.

The committee, set up in April in response to widespread concern in the City after the Law Lords ruled that local authorities did not have the capacity to enter into interest rate swap transactions, also recommended that the doctrine of *ultra vires* should be abolished.

Under the doctrine, transactions which are outside the *vires*, or capacity, of one of the parties involved are void.

Launching a consultation paper, the committee's chairman, Lord Alexander, said that there was no lack of challenges to London's pre-eminence as the financial centre of Europe.

But Lord Alexander added: "We want to avoid drama on



Lord Alexander: report

that there was no lack of challenges to London's pre-eminence as the financial centre of Europe.

But Lord Alexander added: "We want to avoid drama on

the threat to London."

The committee's proposals were designed to consolidate London's advantages, he said. The City contributed £4.4bn to the UK economy last year.

Half by value of trades through the London Stock Exchange was in overseas equities. The City was host to around 500 foreign banks and was the largest treasury centre in the European Community.

The committee proposes the establishment of two standing bodies - a Financial Law Panel and a Financial Law Liaison Group. The panel, comprising market and legal practitioners, would act as a problem solving body.

In co-operation with existing market bodies it would warn practitioners of potential problems, set out its views on good market practice and how the law applied in certain technical areas.

It would also act as the focal point for the consideration of the potential impact of EC legislation.

Some issues would require more than a City self-help solution, however, and so a second-tier body comprising civil servants and market practitioners would also be set up.

The Liaison group would discuss problems brought to it by the panel and decide whether government involvement was needed and if so how necessary changes in the law could be made.

The committee proposes that both bodies should be resourced and funded by the City.

Lord Alexander made it clear that it was never intended that the Bank's committee should find solutions to all of the problems drawn to its attention, such as the difficulties of applying the numerous regulatory statutes in the financial services and company law fields to constantly changing markets.

The committee hopes to present its final report to the Governor of the Bank of England by the end of June.

## London's old chestnuts still in the fire

Richard Waters and Robert Rice look at areas of concern in the City

THERE are "no specific unexploded time bombs" waiting to shake the legal foundations of London's financial markets, Lord Alexander, chairman of National Westminster Bank, said yesterday. But there are any number of less significant legal difficulties which hinder the efficient workings of the markets.

Lord Alexander's committee concluded that institutions which act as counterparties in the London markets need greater certainty in a number of important areas that they will not be tripped up by legal uncertainties. Creating a solid legal platform on which financial business can be conducted is essential to London's position as a financial centre, the committee concluded. In the course of its work, the committee had received around 100 submissions from people active in the markets.

Top of the list of concerns of market participants is the that

highlighted by the local authority swaps debacle: are some bodies active in the markets dealing outside their particular legal or constitutional powers ("ultra vires"), making their contracts legally void?

Following European legislation, and the 1988 Companies Act, companies in Britain are no longer affected by the "ultra vires" rule. However, a wide range of other institutions are local authorities, building societies, industrial and provident societies and friendly societies, for instance. Then there are nationalised industries, some statutory water and harbour companies. Even some insurance companies and banks can be affected, depending on the statutes under which they were founded.

Pension funds could also find themselves acting outside their powers, if their trust deeds are not sufficiently broadly worded to allow them to engage in particular financial markets.

Potentially, anyone dealing with these institutions could find themselves unable to enforce a contract, if it is later found that the body concerned did not have the power to enter it in the first place.

Building societies, for instance, are allowed under section 23 of Building Societies Act to engage in any hedging transaction which designed to "reduce the risk of loss". For anyone dealing with a society, it is impossible to determine whether this requirement is being met.

According to the Alexander committee, restrictions on what particular institutions can do may be sensible, but it is unfair to expect third parties to police these rules.

While the ultra vires rule causes the greatest anxiety in financial markets, comments to the committee indicated that the ability to net claims against each other came a close second. This is the power available to an institution, on

the insolvency of a market participant, to set off one claim against another and only to settle the net amount. A wide range of market participants, active in foreign exchange, bullion, derivatives, money markets and securities, brought up the issue, the committee says.

Netting and off-set cause particular concern as they relate to the position of agents (such as brokers) or trustees, the committee found. If these are the issues at the top of the markets' list of concerns, many others are also included, such as the ability to enforce security interests over particular assets and the operation of the Financial Services Act.

These are some of the oldest chestnuts of the financial world, if not its "unexploded time bombs". Having turned them up, though, the Alexander committee has provided little hope that it can do better in solving the problems than other committees before it.

## BRITAIN IN BRIEF



## Two buyers likely to bid for BTG

Only two buyers for the British Technology Group, which is in the business of commercialising university research, are likely to be left in the field when the government's final deadline for bids expires tomorrow afternoon: a consortium led by BTG management and an Anglo-American group headed by Mr John Ashworth, director of the London School of Economics.

A third consortium headed by Sir Ronald Mason, former chief scientist at the Ministry of Defence, and Mr Peter Homer of James Finlay Bank in Glasgow, pulled out of the controversial privatisation last night.

Under the complex rules of the BTG sell-off - which is almost certain to be the last privatisation before the General Election - only consortia with at least seven members can submit bids.

In addition there is still an outside chance of a bid from a group led by Strategy International, a London consultancy. The company refused to comment yesterday on its plans.

## Lloyd's denies Bank talks

Lloyd's of London said yesterday that "centrality" is not and has not been involved in any discussion with the Bank of England about possible financial assistance.

Lloyd's said that it had made no request for assistance from the Bank of England or from government ministers.

Senior figures from businesses operating on the Lloyd's insurance market are understood to have held preliminary discussions with government ministers and the Bank of England about measures to ease the liquidity problems of

many Lloyd's agents.

These measures could include the inclusion of commercial loans for hard-pressed names.

The Lloyd's Corporation - the body which provides regulatory and back-up services to the market's 150 agents and 300 or so underwriting syndicates - is free from debt.

## Swedish City Airport service

London City Airport received a further boost with the announcement that a new Swedish airline CityAir Scandinavia plans to introduce daily services using British Aerospace 146 jets from Stockholm to the London Docklands airport.

CityAir Scandinavia is a newly formed Swedish company which is absorbing Malmö Aviation, a carrier which operates passenger services on the Malmö-London Gatwick and Malmö-Hamburg routes and cargo services on behalf of TNT, the Australian transport group.

## Poll says Scots against tax

The Scottish Conservative party presented an opinion poll showing that a majority of Scots would not be prepared to pay higher taxes under a devolved Scottish assembly.

Under the opposition Labour Party's plan the Scottish assembly or parliament would have the power to increase or

lower income tax in Scotland by up to 3p. A Harris opinion poll carried out for the party showing that 58 per cent of Scots would not be prepared to pay higher taxes.

## New order for Airbus A320s

A second UK charter airline has decided to operate for the first time Airbus A320 narrow body aircraft whose sophisticated computerised control systems have recently been under criticism.

This followed the crash of a French Air Inter A320 last month near Strasbourg in which 97 people died.

Air 2006, the charter airline of the Owners Abroad tour group, said yesterday it will take four new A320s on operating leases from ORIX Aviation Systems of Dublin. The four aircraft will be powered by V2500 engines built by the IAE consortium, which includes Rolls-Royce, Pratt & Whitney of the US, MTU of Germany and a group of Japanese aero-engine companies.

News channel to Africa, Australia and Japan.

## Toyota unveils new UK model

Toyota, the leading Japanese car maker, has unveiled in Tokyo the large family car range, that is to be produced in the UK from the end of the year as part of its ambitious £940m investment in UK car and engine plants.

Production of the new generation Corolla, sold as the Corona in Japan, is scheduled to begin at Toyota's £700m car assembly plant at Burnaston, near Derby, in December. Engine production at the company's £140m plant at Deeside, north Wales, is planned to begin in August.

The car will be shown in Europe for the first time at the Geneva motor show next month. It will be launched in Europe in the spring with supplies coming initially from Japan and later from the UK plant.

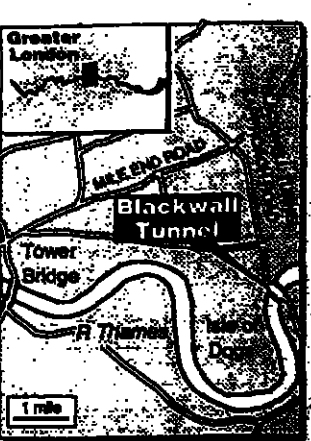
## Extra flights to Shannon

Ryanair, the independent Irish carrier, is expanding its flights from London Stansted to Ireland with a new daily service to Shannon starting on April 10. The return of Ryanair on this route is expected to increase competition on the London-Shannon route currently operated by Aer Lingus, the Irish flag carrier.

## BBC plans global service

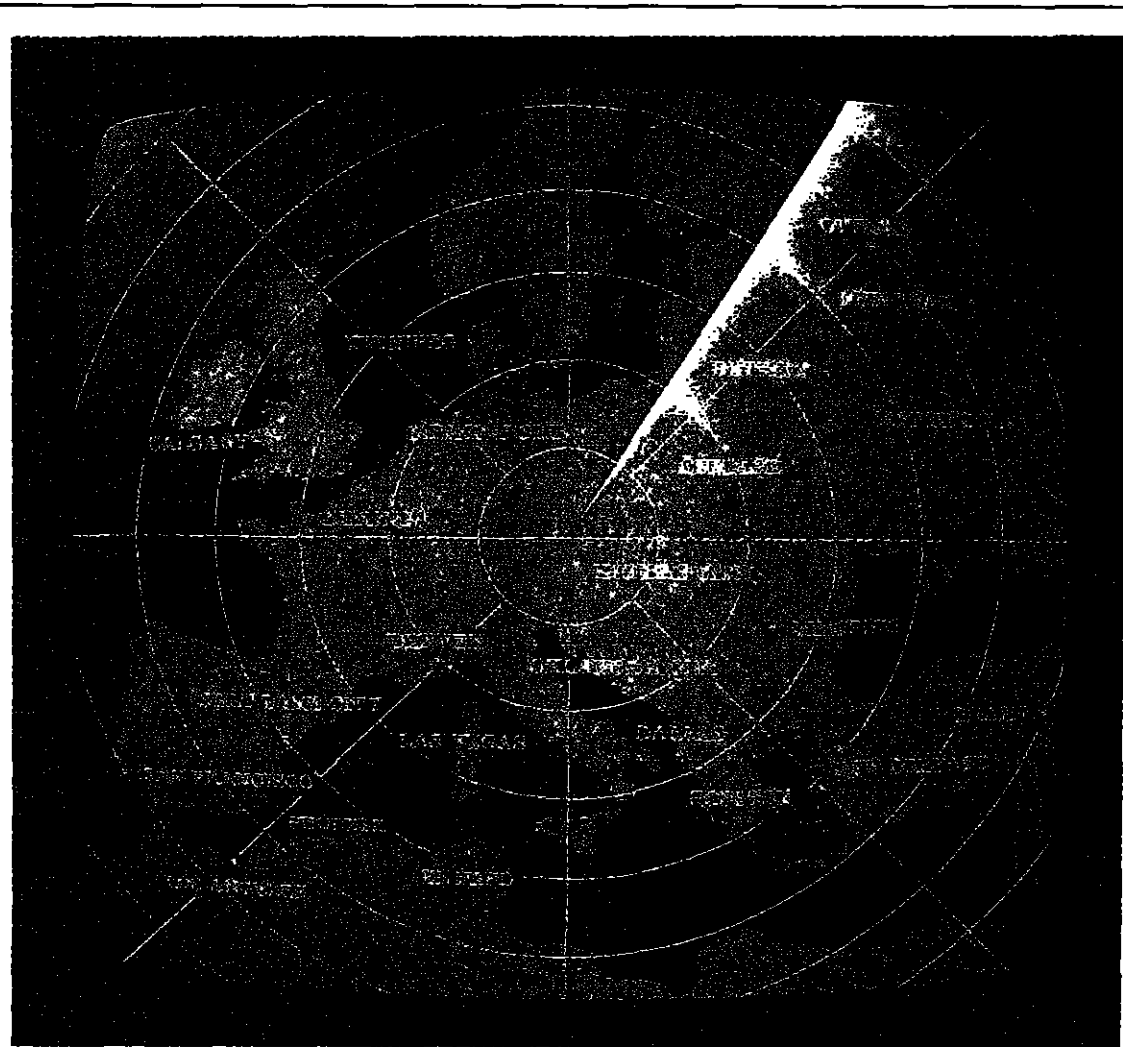
The BBC is planning to take its 24-hour a day World Television new service worldwide by next year. Mr Michael Checkland, the BBC director general, said that the corporation was in advanced negotiations to take the World Television

## Traffic centre to ease one of Britain's worst jams



A £4 million plan to ease traffic flows at one of Britain's worst congestion spots came into operation yesterday. Mr Roger Freeman, the roads and traffic minister,

opened a 24-hour traffic control centre at London's Blackwall Tunnel, pictured above. A joint venture between the Metropolitan Police, the Metropolitan Police, the Department



## YOUR LAND of OPPORTUNITY?

In the United States of America, businessmen don't bat an eyelid at the prospect of a day trip to Dallas, Denver and Detroit.

For them the local airfield is the company airfield. With a corporate jet they're in control of their schedule and the environment they're working in.

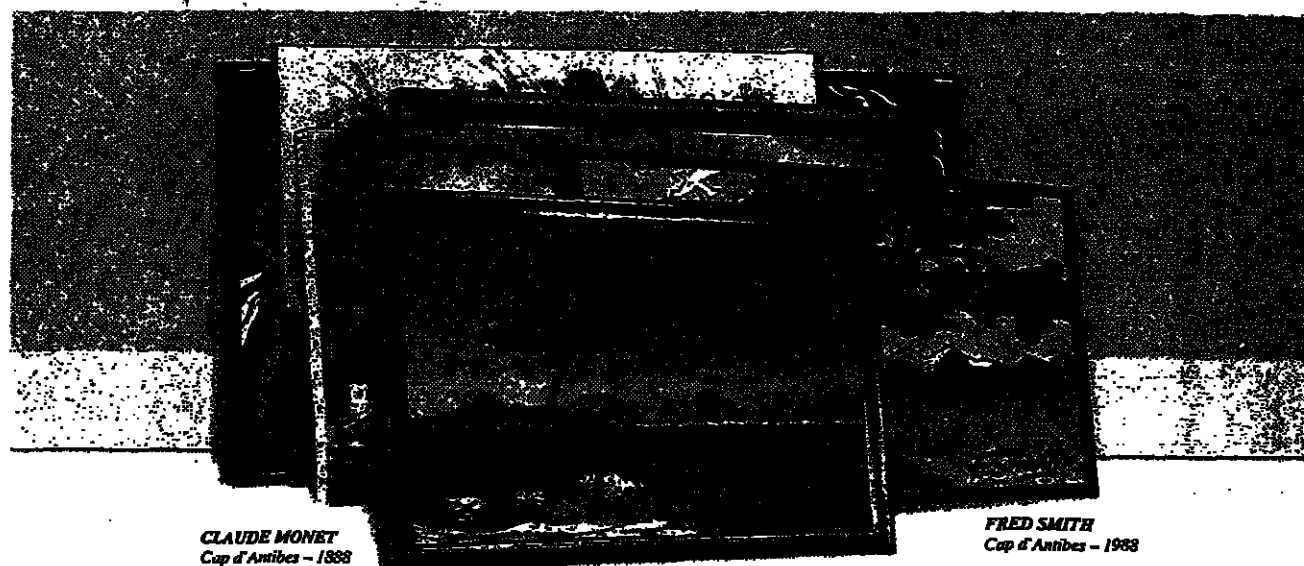
A corporate jet then, offers a degree of comfort, independence and confidentiality which is second to none. Perhaps that's why we've sold one jet every nine working days for the last 26 years.

To enable you to find out how your company can benefit from the United States of Europe, we've launched the BAE guide to Corporate Travel.

To receive your copy simply fax or send your business card. It could help you turn old frontiers into new opportunities.

BRITISH AEROSPACE CORPORATE JETS

Corporate Aircraft Sales (HTF 21, British Aerospace Commercial Aircraft Ltd, Corner Way, Hatfield AL10 9TL, England. Fax: (0707) 253802.



CLAUDE MONET

Cap d'Antibes - 1888

FRED SMITH

Cap d'Antibes - 1988

## The Art of Accumulation.

Famous paintings are prized by collectors not only as great works of art but also valuable investments.

Unfortunately most of us can only acquire works by relatively unknown artists - and we can't afford to wait around for 100 years to see if 'Fred Smith' will attain the status of Claude Monet.

For those who want to accumulate on a more dependable basis, it's well worthwhile to consider the advantages of a Fixed Term Deposit Account - offshore with Standard Chartered.

It will enable you to plan ahead, because you'll know exactly how much your investment will realise over a given period, as the rate is guaranteed.

To suit your convenience our Fixed Term Deposits are available from a choice of three locations, Jersey, Guernsey and the Isle of Man, each one offers the same high level of service and expertise.

- Minimum deposit/balance £5,000, US\$ 10,000.
- Other currencies on request.
- Sterling fixed deposits - terms 1 month to 3 years.
- Currency deposits - terms 1 month to 1 year.
- Tax not deducted at source.
- Save and Fix Facility.\*

\* This operates in conjunction with Sterling/US Dollar Call or Extra Value Deposit Accounts and enables clients to arrange the automatic movement of funds (free of charge) between accounts, when the fixed term matures, ideal for those who wish to save a proportion of salary on a monthly or quarterly basis.

For full details please complete and return the coupon below to:- Gordon Wylie, Standard Chartered Bank (CI) Ltd, P.O. Box 89, Conway Street, St. Helier, Jersey JE4 8PY, Channel Islands. Or Tel: (0534) 74001. Fax: (0534) 24890.

## Fixed Term Deposits.

The art of banking - offshore



Standard Chartered OF SHORE BANKING

To Gordon Wylie, Standard Chartered Bank (CI) Ltd, P.O. Box 89, Conway Street, St. Helier, Jersey JE4 8PY, Channel Islands. Telephone: (0534) 74001. Fax: (0534) 24890.

Please send me, without obligation, full information about your Fixed Term Deposits.

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Copies of the latest audited accounts available on request.

CI

Deposits made with offices of these Companies in the Channel Islands and the Isle of Man are not covered by the Deposit Protection Scheme under the Banking Act 1987. The paid up capital and reserves of the two Companies are: Standard Chartered Bank (CI) Limited £29 million and Standard Chartered Bank (Isle of Man) Limited over £4 million.



## MANAGEMENT

## Retailing

## Finding partners for life

John Thornhill reports on how the John Lewis chain looks after staff

John Lewis Partnership, which runs 22 department stores and the Waitrose supermarket chain, can claim with more justice than most companies that it looks after its employees. But then it does have a clear incentive to do so: its 32,000 employees own the company.

Ever since 1929 when John Spedan Lewis put the family company's assets into a trust for the benefit of past, current and future employees, the partnership has adopted a different approach to running its business than its competitors.

Management is given great executive freedom but held strictly accountable by the employees (or partners as they are called); profits are shared equally among members; and great emphasis is placed on retention of staff, training and personal development.

As the inspirational Spedan Lewis put it: "The supreme purpose of the John Lewis Partnership is simply the happiness of its members".

At this point, cynics might reach for their profit and loss accounts, assuming that such high-sounding principles would come unstuck in the competitive world of British retailing. After all, JLP is competing head-to-head against some formidable efficient public companies, such as Marks and Spencer

and J. Sainsbury.

But in a new book on the partnership, two business academics argue that JLP's unique organisational structure and its awareness of the rule of people has given it advantages in the marketplace. Being nice to people can be profitable.

The authors examine JLP's performance against a range of financial and economic data and conclude that it is directly comparable with that of the market leaders in both the food and the non-food sectors. They suggest that JLP "ranks high or top in profitability and productivity, and shows no significant evidence of under-investment, over-borrowing or under-liquidity". They say JLP's experience casts doubt on the pessimistic theory that performance suffers when there is no capital market discipline and when employees are involved in decision-making.

In a rare interview, Peter Lewis the company's present chairman and nephew of Spedan Lewis, naturally welcomed the book's conclusion but was coy about the suggestion that the partnership had much to teach other businesses.

In a lofty office overlooking the red-brick splendour of Westminster Cathedral, the imposingly tall but meticulously polite Lewis says: "We are not a proselytizing company. We do not go out and tell people how to run a partnership. We simply show by what we do that it can work."

He accepts that the Partnership's structure gives the management full scope to decide strategy but rejects the book's suggestion that at times this smacks of "dynastic autocracy". The point is, he suggests, that the observance of executive independence is accountability, the nub of the whole organisation.

"It makes people think ahead. It makes people consider the consequences of their actions," he says.

In this sense, as the book observes, the constraints of employee ownership act as a substitute mechanism to capital markets. "It is our people, not our shareholders, to whom we are answerable," Lewis says.

Employee participation works in a variety of ways within JLP. Under its constitution, partners elect representatives to branch councils (which scrutinise management decision at store level) and to the 140-member central council (which acts as the forum and focus of public opinion within the Partnership). The central council also elects three Trust-

ees of the constitution who have the ultimate power to replace the chairman.

Managers are employed to manage the business rigorously but the company accepts that "those partners who may neither aspire to be a manager, nor possess the abilities to be one, are recognised as individuals with a valid contribution to make to the success of the business".

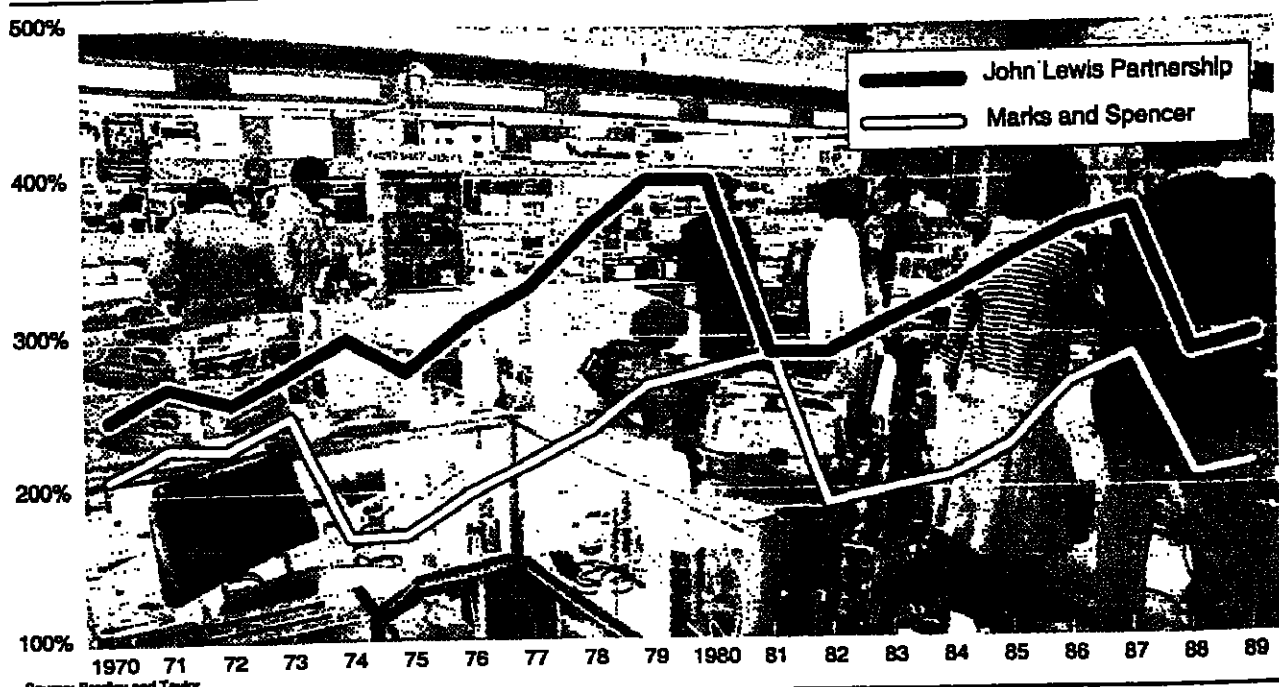
But accountability also works in less formal ways through the weekly staff Gazette, which carries extensive staff correspondence and detailed information about the partnership's trading performance. Any partner can write to the magazine with a complaint or a question which must be answered by the director of the relevant department.

This mechanism is often more likely to lead to changes which affect the daily working conditions of most of the partners. So, for example, a letter-writing campaign in the staff Gazette led to the abolition of confidential staff assessments - they now have to be shown to the relevant partner.

Complaints can range from the serious to the bizarre. Last week, for example, "Sick of Eating Humble Pie" wrote to complain about hairs found in the canteen food.

Even a casual perusal of the

## Turnover as a percentage of fixed assets



Source: Barclay and Taylor

Gazette reveals that the Partnership is not the idyll of industrial harmony that it might seem. The letters pages are frequently crisscrossed with grumbles about ill-considered decisions or incompetence - much as you would expect in any organisation.

But few companies are so open about exposing their faults and trading prospects or so publicly committed to trying to rectify their problems. The company accepts that some employees find its culture too oppressive or sanctimonious and leave but it

points out that its rate of staff turnover is significantly less than that in comparable retail businesses.

JLP employs a far higher proportion of full-time staff than competitors and offers more attractive levels of pay because of its partnership bonus scheme.

Last year, JLP made post-tax profits of £78.7m, of which £42.1m was ploughed back into developing the business and most of the rest was distributed among the partners. In the 1979-89 period, the bonus averaged 20 per cent of annual pay.

The authors of the book suggest that employee-owned companies inevitably face tension balancing short-term rewards with long-term investment. The natural desire is to maintain the bonus in a downturn, thereby undermining the company's competitiveness. Such issues loom large when partners face a cut in their take-home pay.

However, Lewis suggests that such tensions can be defused by adopting a consistent approach to bonus payments. Ultimately, he suggests, the partnership boils down to a

commitment to social justice. "It was certainly a driving force in Spedan's ideas. What struck him was the waste of talent and energy in a lot of people who, if only given a chance would contribute to a common enterprise".

Times have changed since the 1930s, but Lewis believes those principles are still relevant today. *Business Performance in the Retail Sector: The Experience of the John Lewis Partnership*, Keith Bradley and Simon Taylor, Clarendon Press, Oxford, £25

## Time to step aboard a flight to the interior

Dr Michael McGannon explains how regular travellers can avoid the worst excesses of jet-lag



HEALTH CHECK

from common jet-lag than from a rare intestinal virus. Scientific evidence is mounting that long distance air travel can cause health problems, ranging from sleep disturbances to heart disorders. Moreover, jet-lag can blunt negotiating skills, putting you at a disadvantage with well-rested locals. Surprise, surprise: some of that disadvantage is of your own doing.

Dealing with jet-lag means understanding the nature of the problem. Proper operation of the body's functions, including sleepiness, wakefulness, appetite, intestinal function and body temperature, relies on the light-dependent cycle known as the circadian (diurnal) rhythm.

When disturbed by flying across time zones, this rhythm becomes confused. The result is severe fatigue, loss of mental lucidity and disorientation as the rhythm searches for a new reference point.

Researchers at the Johnson Space Center in Texas have shown that the prolonged immobility forced on passengers causes the body to excrete excessive amounts of two essential substances: potassium and sodium.

This loss accounts for decreased muscle strength, weakened physical and mental reflexes, confusion, and quite possibly, disturbances in heart rhythm.

Given the differences between people, a universal remedy to jet-lag is probably

not possible. But the following suggestions have done the trick for some of the 3,000 international executives I have worked with. Try them all.

## BEFORE DEPARTURE

First, try to re-set your biological clock. For trips with a stay of a week or more, it pays to change your daily rhythm before departure to simulate your new local time zone.

If you are going from Europe to the west coast of America where you will be going to bed about nine hours

earlier, get to sleep one hour earlier every day for 3 or 4 days before departing.

Though potentially disruptive to your pre-departure schedule, this can help you arrive adapted to the local time.

For two to three day trips, attempt to "tough it out" by sticking to the home schedule. That way you will not be adapting twice in as many days and you can arrive home hitting the ground running.

Johnson Space Center research suggests that phys-

ical exercise on the day of the flight helps release potassium into the blood, thus compensating losses resulting from flight immobility.

## WHILE IN FLIGHT

To beat jet-lag, you must adhere to several "absolute". Proper hydration is essential because the humidity of the aircraft's cabin air can be uncomfortably low.

Re-humidifying the air to more comfortable levels would require about 200m litres of water an hour on a Boeing 747

for a 10-hour flight: that would be very expensive. Your strategy should be the same as the flight crew: re-humidify yourself.

You can kill two birds with one stone by drinking at least one glass of orange juice (potassium and water) every hour.

Resist the seductions of free alcohol and coffee, substances that will wring your system dry and cause potassium losses, setting you up for the worst case of jet lag possible.

Before doing off (easier if

you have previously exhausted your body with exercise), do a few arm lifts: using the arm rests, lift your weight (discreetly) off the seat several times. This will help to keep the blood circulating well while you sleep.

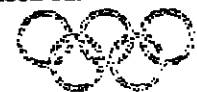
## AFTER ARRIVING

Arrange your schedule - perhaps by arriving a day early - to include a work-out before meetings. This will provide vital oxygen, including the brain, with well-circulated blood, richly saturated in oxygen.

Lastly, take the initiative in dealing with jet-lag because if you are falling to plan, you are planning to fail.

The author is the medical director of the Inland Business Health course

VISA MAKES THE WORLD GO ROUND.

WORLDWIDE SPONSOR  
1992 OLYMPIC GAMES

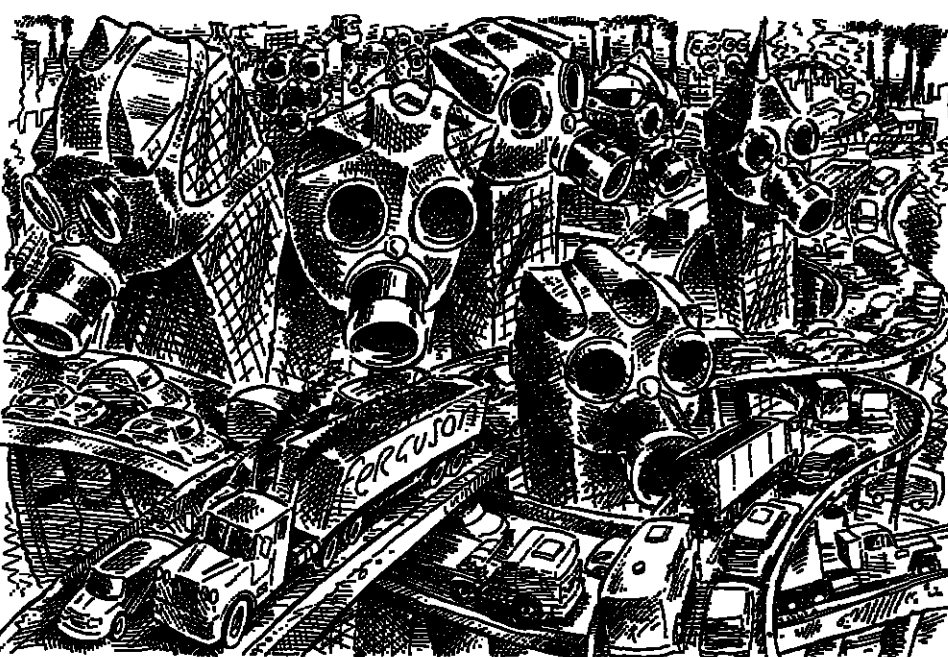
Visa is accepted for more transactions worldwide than any other card.



**End-Of-Life Electronic Equipment, The Case for Recycling, £25 plus VAT, Cest, 5 Berners Rd, London N1 0PW.**

Today's pollution is largely a

# Blots on the cityscape



In Third World cities too, the cocktail of pollutants includes a large contribution from motor vehicles, many with

Any long-term policy to tackle urban pollution has to focus on vehicle exhaust emissions. Possible measures fall into two categories: making each vehicle run more cleanly, and reducing the total volume

**The European Community is introducing emission standards similar to those in force in the US; they will require all new cars sold in the EC from the end of 1992 to be fitted with a three-way cat. But already**

*The series will continue next week by focusing on the particular problems of Santiago.*

## Bridging the lifecycle gap

This is already happening in the chemicals industry because users are demanding the information to help them redesign their manufacturing processes.

Unless these initiatives lead to a way of balancing environmental judgments, companies will be short changed when paying for LCAs.

**PRIORITY  
JAPAN**

# ESTABLISHING A PRESENCE IN Japan

**FT**  
FINANCIAL TIMES  
CONFERENCES

INVESTING FOR  
SALES AND SUCCESS

4 March, 1992 – London

**T**his one-day conference will focus on both the strategic and practical aspects of investing for sales and success in Japan.

**Topics to be discussed:**

- Japan's Policy towards Foreign Investment and Financial Incentives for the Overseas Investor
- Establishing a Sales Office
- Setting Up a Greenfield Manufacturing Operation
- Developing Niche Retailing
- Acquiring a Japanese Company
- Joint Ventures
- Recruiting Personnel

**Speakers include:**

**The Rt Hon Peter Lilley MP**  
Secretary of State for Trade and Industry

**Mr Richard V Giordano KBE**  
Chairman  
The BOC Group plc

**Dr Peter M Williams CBE**  
Chairman and Chief Executive  
Oxford Instruments plc

**Sir David Scholey CBE**  
Chairman  
SG Warburg Group plc

**Mr Michael S Perry CBE**  
Chairman, Priority Japan  
Vice Chairman, Unilever PLC

**Dr John H Russell**  
President & Chief Executive  
ICI Japan Limited

**Mr Seiichi Tanaka**  
Vice Chairman  
Japan Regional Development Corporation

Speaker from the Ministry of International  
Trade and Industry (MITI), Japan

**ESTABLISHING  
A PRESENCE  
IN Japan**

☐ Please send me Conference details  
☐ Please send me Exhibition details

**FT** FINANCIAL TIMES  
CONFERENCES

To: The Financial Times Conference Organisation  
126 Jermy Street, London SW1Y 4UJ, UK  
Tel: 071-925 2323 Fax: 071-925 2125 Telex: 27347 FTCONF G

Name

Position  Dept

Company

Address

Postcode  Country

Tel  Fax

Type of Business

HA

[illegible]

**HNHC MORTGAGE NOTES 4 PLC**

**£150,000,000**  
**Class A**  
 and  
**£9,000,000**  
**Class B**

**Mortgage Backed Floating Rate Notes due July 2025**

Notice is hereby given that for the Interest Period from February 17, 1992 to May 15, 1992 the Class A Notes and Class B Notes will carry interest rates of 10.555% and 11.275% respectively. The interest payable on the relevant interest payment date, May 15, 1992 for the Class A Notes will be £2,657,010 and for the Class B Notes will be £2,710,533 per £100,000 nominal amount.

By: The Citizens Bank, N.A.  
 Local Agent

February 19, 1992

Gotthardfin Ltd.

NOTICE TO HOLDERS OF THE

- 6% US\$ Convertible Debentures 1988-1995 Gotthardfin Ltd. (Sec. Number 706 742)
- 4% SFR Convertible Debentures 1981-1997 Gotthardfin Ltd. (Sec. Number 706 941)

The Board of Directors of Banca del Gottardo will propose to the Ordinary General Shareholders' Meeting to be convened on March 10, 1992, subject to the necessary approvals, that the present share capital of Str. 125 million be raised to Str. 133 million being 80,000 new bearer shares with a par value of Str. 100.- each and moreover that the present bearer participation certificate capital of Str. 33.75 million be raised to Str. 36 million being 22,500 new bearer participation certificates with a par value of Str. 100.- each. (The 50,000 shares issued on 29.2.1989 as guarantee for a subordinated bond with warrants do not entitle to subscription rights).

It is proposed to offer for subscription the new shares to the present shareholders at the ratio of one new bearer share to 15 old bearer shares at the price of Str. 200.- per share and of one new bearer participation certificate to 15 old bearer participation certificates at the price of Str. 200.- per certificate.

All new shares and new bearer participation certificates shall be entitled to dividends as of January 1st, 1992.

Provided the increases are carried out as proposed, the new Conversion Amount for the 6% US\$ Convertible Debentures 1988-1995, respectively the new Conversion Price for the 4% SFR Convertible Debentures 1981-1997 will be published as soon as they will be available.

The holders of the 6% US\$ Convertible Debentures 1988-1995 and the holders of 4% SFR Convertible Debentures 1991-1997, wishing to exercise their subscription rights are invited to exchange their Debentures for bearer participation certificates of Banca del Gottardo not later than Friday, February 28, 1992.

No Convertible Debentures will be exchanged for bearer participation certificates during the period from February 29, till March 11, 1992

George Town (Grand Cayman), February 17, 1992

PERSONAL

PUBLIC SPEAKING

Training and  
 speechwriting by  
 award winning  
 speaker. First  
 lesson free.

Tel: (0777) 821399



## ARTS

## TELEVISION

## Sport of a sort — but it may not sound like cricket

After England's 31-13 victory over France in the Five Nations contest on Saturday, Bernard Lapsset, president of the French Rugby Federation, declared that "British teams have a certain conception of the game, and referees with certain ways of interpreting the rules. There is clearly a large gap between our conception of the game of rugby and that of the British... they are not interested in the game being spectacular or attractive." Millions of Britons recognise that as French grapes of the soubert sort, and hypocrisy of the highest order, because we had seen Grégoire Lascubé stamp on Martin Bayfield's face.

Indeed, the Dunkley video archive, like many others no doubt, now contains a record of that bit of viciousness which led to Lascubé being sent off, because we were taping the match for the only member of the household who was not present. She was actually at Parc des Princes watching from the stand, but naturally asked us to record the match so that she could see what had really happened. The hysterical Lascubé clearly had no idea, as he repeatedly kicked Bayfield's head, not only that there was nothing between him and the touch judge, Owen Doyle, who alerted the estimable referee, Stephen Hilditch, but that there happened to be a television camera with a vantage point very similar

to Doyle's. Consequently millions of us saw what happened, and then saw it replayed again and again in the following hours as it was discussed by studio commentators. (What has happened, incidentally, to the little "R" in the corner of the screen which used to tell you that you were watching instant replay? These days you never know whether they are carrying on with the game or showing a replay from a different angle.)

The amount of sport now being delivered to British sitting rooms via television is unprecedented. This is particularly noticeable, of course, for those with satellite dishes since there are three entire channels dedicated to sport: Eurosport, running 24 hours a day; Screensport, which provides 18 hours a day during the week and 24 hours at weekends; and Sky Sports which is on screen for about 30 hours virtually every day. True, most viewers still have no dish, but even they can find more sport than ever before, delivered by the four terrestrial channels. The BBC alone in the next couple of months will be showing, in addition to its routine sports programmes, the remainder of the Five Nations championship, the fifth and sixth rounds of the FA Cup, the European Indoor Athletics Championships, the World Figure Skating Championships, the Grand National, the Boat Race, the start of a new season of grand prix motor racing, the US Masters,

the women's hockey Cup Final, and the London marathon.

As with every other aspect of life touched by television (music, politics, drama) sport is not merely conveyed to us via the medium, it is changed by it. Some of the changes are simply in the way that we perceive the events and are unexceptionable. The Lascubé stamp was a microcosmic example: not only does television take us closer to the activity than was previously possible, it provides a multiplicity of viewpoints for all of us on our old green sofas. The opening races to decide who will challenge for the America's Cup are being covered for Sky Sports by cameramen who have been taking their motor boats breathtakingly close to the competing yachts, providing the viewer with an account of the racing that has literally never been available before, except to the competitors themselves. Those standing beside the bobsleigh run at the Winter Olympics can see each bob only for a moment as it flashes past whereas we at home follow it all the way down.

True, we have to put up with the banalities of some of the commentators. Helen Rollason, who seems to have been doing Desmond Lynam's share of the BBC anchor work in the Winter Olympics as well as her own, keeps saying she will be "seeing" us later which is, of course, nonsense. David Vine described one

competitor in Val d'Isère as "A big tall racer", his emphasis implying that most of the competitors were big short men. But that is not such a terrible phrase to have to pay. Other changes, however, are not welcome. Having originally brought us such startlingly beautiful pictures of the English countryside from race meetings such as Saturday's at Cheltenham, which would otherwise have looked like a sequence of animated oil paintings by Stubbs, television has ruined the effect by renting space to advertisers who install huge, garish hoardings beside the course.

A similar phenomenon now occurs in athletics and skiing. Kit manufacturers pay top competitors huge sums to wear their goods but cameras do not normally dwell on the feet, so the moment the winner crosses the line he tears off his shoes or skis and holds them up beside his face so that any picture of his winning smile is, willy nilly, also an international advertisement. It is no exaggeration to say that in the last few days we have spent longer looking at the striking (and doubtless copyright) design on the side of 16-year-old Toni Nieminen, the flying Finn, than we have looking at him skijumping. Even one of those rare sports which, technically, maintains its amateur status is treated by the BBC in the same way that they treat Radio 1: it is made to seem commercial by the

promotional packaging. Thus Saturday's rugby match was preceded by, among other things, an assembly of Guscott/Carling clips which "sold" the two players to a disco beat.

But the most annoying thing is the slow but inexorable manner in which the packaging of sport for television eventually starts to overtake the sport itself. The classic example is American football, a game which, even though it is played before huge crowds, is organised entirely to suit American television with its frequent commercial breaks. The tedium of the game results almost entirely from this arrangement. Screensport is currently running a trailer which urges "Get your skates on every Monday and get up to date on the National Hockey League" meaning, of course, the North American ice hockey league. This is accompanied by pictures of a fight between two players and a third sliding up the ice and crashing into the goal post — no skill, but much mayhem.

So what's new, ask the American and Australian broadcasters who are bringing us growing quantities of this sort of thing, sport has always meant spectacle. Now they are driving cricket down the same road. Time was when cricket was one of the few truly beautiful experiences to be had from television: to lie back in a cool room during a hot summer, in front of a screen consisting of two-thirds blue and

white and one third green, and to spend the day following a Test match, used to be a civilised and civilising experience. Indeed it still is. But this coming Friday the Cricket World Cup begins on Sky Sports and we are warned that matches will be played under artificial light, the players will wear pastel coloured "pyjamas", the sight screens will be black and the ball white, there will be a miniature camera built into the stumps, and microphones buried at the crease. The return to the pavilion of anyone who is out without scoring will be accompanied on the screen by Chelmondeley, the weeping cartoon duck.

That may be sport of a sort — television sport — and perhaps I shall find myself hooked on it, but it does not sound much like cricket. Those who scoff and declare that it is time for television to lead cricket out of the dark ages might pause for a moment and think about the way television led dark out of the dark ages. Cricket was not and is not in any sort of dark age, and television's spin doctors will not improve the game, they will merely improve television's ratings which is, anyway, their sole object.

And you do realise, don't you, that you ain't seen nothin' yet: on July 25, in the middle of the fourth Test, the 1992 Olympics open in Barcelona...

Christopher Dunkley

## An artist who provokes a smile

Richard Newbury reviews Thomas Rowlandson in Richmond

Thomas Rowlandson, the regency caricaturist and watercolour painter, travelled extensively and sketched prolifically. A rapid and brilliant draughtsman, his drawings are a persuasive and amusing impression of his age, although their documentary value is often limited. Rowlandson was quite prepared to subordinate accuracy to his comic vision, or to the requirements of his commissions. Not surprisingly, therefore, his drawings are unreliable as topographical records. Luckily this has not deterred The Museum of Richmond from assembling a loan exhibition of 35 of his drawings illustrating Richmond and its environs.

Richmond was a fashionable resort in Rowlandson's time, and this was no doubt an attraction for an artist with one eye on a market for his work. However, perfunctory Rowlandson's topography, he was certainly careful to ensure that his views of Ham House, Hampton Court, Witley, Kew and other spots along the river, were sufficiently accurate to be recognisable. He was also attracted to Richmond for its "rural" qualities, and this aspect of his work is perhaps less familiar than his caricatures of metropolitan manners and customs.

There is a wistful charm about Rowlandson's response to the countryside, although landscape is seldom the primary subject of his drawings. His representation of trees and foliage, usually highly stylised, nevertheless has a whimsical appeal. It is a pleasant surprise to find that the artist who — in the words of his companion Henry Angelo — "bushesqued even the buxus" can also evoke a lyrical mood. The drawing entitled "Richmond Park" is close in spirit to some of Gainsborough's landscape studies, and the scene of anglers beneath an arch of Richmond Bridge is an unexpected exercise in a sentimental sweetness of Francis Wheatley.

Although Rowlandson does sometimes show sensitivity for landscape, his pen moves with greater alacrity and power when

drawing figures. His compositions are frequently focused on a group of caricatured figures in the foreground; surrounding figures may be drawn "realistically", ingeniously lending a credibility to the caricatures.

Rowlandson's repertoire of caricature types may seem predictable, centring on leering yokels, dandified officers, foppish aesthetes, bloated parsons and suchlike, but the figures themselves have a lifelike vitality thanks to the artist's brilliant gifts as a draughtsman. His eye for movement and posture, usually taken from life, accounts for the enduring success of his caricatures, no matter how tiresome they become.

The centrepiece of this exhibition is perhaps "The Star and Garter, Richmond Hill", a drawing which features the famous view of the Thames from the top of the hill. The horizontal format of the composition allows Rowlandson scope for a panorama of narrative incidents — a formula which Frith later used, and perhaps exhausted, in his representations of Victorian life. In the foreground a prosperous middle class family ostentatiously ignore a begging woman as they pass along the road.

This incident, clearly intended to be no more than amusing, is nevertheless portrayed entirely without pathos, and indicates Rowlandson's limitations. For all his genius as a caricaturist, his vision is superficial and complacent. Unlike Hogarth, whose comic spirit he inherited, Rowlandson does not emotionally engage with his subjects beyond indicating their comic potential.

Although this exhibition shows only a tiny fragment of Rowlandson's vast output, it is nonetheless representative of his range. His popularity is perhaps connected with his ability to persuade us that the regency period was indeed prosperous, socially untroubled and rollicking good fun; this, of course, cannot be entirely true — Rowlandson's meter was to provoke a smile rather than a thought.



"The Star and Garter, Richmond Hill" by Thomas Rowlandson (1758-1827) in the current exhibition at the Museum of Richmond

## Collins and Johnson: two young British clarinet virtuosos

There are many thousands of people who go often to orchestral concerts, and sometimes to solo recitals by singers, pianists and even violinists, but would never think of going to hear a mere clarinet or oboe with piano. They are misjudged. True, there are not many solo masterpieces in the repertoire of either instrument — an "adventurous" programme is almost inevitably an excursion into dusty material (however amiable and fluent) or avant-garde pieces (often grimly unfun); but there are quite a few master players, and when they strut their best stuff the result can be as rewarding as any *Liederkreis*.

Thus Michael Collins' clarinet recital on Monday at the Queen Elizabeth Hall, with the superb virtuosity of Mikhail Pletnev as virtuoso accompanist. Though they drew a good house, amongst whom there were doubtless a hundred young clarinetists or more, it was sad to think how many more listeners would have been delighted if they'd found themselves there. Collins is one of the best players in the world, and his programme included about half of the first-rank music for his instrument with piano: Schumann's op. 73 *Panisches Stück*, the Poulenc sonata, one of the two op.

120 Brahmses and the Debussy "Première Rhapsodie". There was never a "Duxième", and one more recital could finish off all the major works — the other Brahms sonata, the Hindemith, and Stravinsky's three unaccompanied pieces; after that it is down to minor German Romantics, minor Frenchmen and Edwardians in thrall to Brahms.

Though a clarinet cannot sting words, Collins phrases, articulates and colours like a great *Liedersänger*, and of course the instrument enjoys the extra-vocal possibilities of brilliant tongue-and-finger routines, and of the riches of sonata form. He does not go in for vision, any disembodied effects like Richard Stoltzmann — the Collins clarinet is always a resonant wooden thing which transmits a live, intelligent voice; but his elegantly orthodox manner leaves room for a sharp sense of humour, a constant threat of cheerful subversion, that we've missed since Gervase de Peyer decamped to America.

Collins and Pletnev were marvellous in their Poulenc, switching between the deliberate extremes of feeling, operatic flurries and wry reflection, without batting an eye. Their Debussy was exquisite. I have not heard Lutoslawski's "5 Dances

Preludes" rendered in such vivid contrasts, nor so searchingly. In Brahms and Schumann they were coolly admirable, but slightly thin-blooded in effect: with piano lid half closed, Pletnev was too solicitous for his partner to allow the piano textures their full warmth.

After the interval the piano was flung open, and their exuberant Poulenc and Lutoslawski were followed by Weber's irresistibly glitzy Grand Duo and an extravagant André Messager *morceau de concert* as encore. Hugely enjoyable, and twinkling with musical insights, ironic, sentimental, knowing. I should add that for Collins, Pletnev is a partner in a million: not only does he match his inflections to an ESP nicety, but somehow they even echo each other's timbres.

David Murray

In the Barbican Hall on Monday there was another brilliant young English clarinet virtuoso, Emma Johnson, keeping company with the English Chamber Orchestra under Sir Mark Elder, and playing the concerto that he had himself commissioned from Michael Berkeley for first performance at the Huddersfield Festival last November. This very striking piece, much more sinewy in idiom, tougher in subject matter and tauter in unfolding than we have come to expect from Berkeley's pen, concerns itself with the double aspect of childhood, its terrors and enchantments — the composer is currently at work on a King Lear opera with such a theme, for which the concerto is apparently a study-piece.

It begins with a dry rattle on the timpani and a sort of stuttering on the clarinet. Both of these textural devices aptly presage the ferocious struggles and sorties undertaken between soloist and chamber orchestra in the first half. The abrasive sound-world thus conjured up often drives the clarinet to hard, bright squeals in the top register; the drama is delivered in a language that is at once harshly non-tonal and vividly gestural — even if one fails to fathom the purpose of its every twist or turn, one can hardly miss the urgency of its expressive import. Towards the end a more peaceable, though not exactly easy, relationship is established between the various forces.

Miss Johnson attacked the concerto with authority, vigour, and grace, giving no quarter in battle, capable of sudden secretive lyrical

cism; it is a work she plainly relishes, and the ECO apparently do likewise. It formed part of an exceptionally rewarding programme: alongside Berkeley there were David Matthews, Bartók and a new piece, *The Light Fantastic*, by the English Sinfonia. Howard Skempton, that afforded 15 minutes of delicate delight. In it Skempton weaves perfectly shaped spiralling patterns all the more captivating for being couched in such modest terms.

Miss Edwards seemed to me not yet entirely in command of its goosier textures; similarly, I felt that she had not yet sunk herself fully into the substance of Weill's Second Symphony, which closed the concert, and through which the ECO were encouraged to drive with excessive forthrightness. This great, crazily neglected work is a pure and noble descendant of the "classical", chamber-musical Mahler; it requires flexibility as well as forcefulness, and close characterisation of its bitter-sweet detail. Still, the overall impact of the symphony was undeniably powerful; and the conductor earned the passionate gratitude of at least one Weillian in the hall for reviving it at all.

Max Loppert

## INTERNATIONAL ARTS GUIDE TODAY'S EVENTS

## BERLIN

OPERA Deutsche Oper 18.00 Jiri Kout conducts Götz Friedrich's new production of Tannhäuser, with René Kollo in the title role, Sabine Hass as Elisabeth, Karin Armstrong as Venus, Hakan Haggard as Wolfram and Hans Sotin as the Landgrave. Tomorrow: ballets by Béjart and Balanchine (West Berlin 3410 249).

CONCERTS Schauspielhaus 20.00 Uwe Gronostay conducts the Berlin Symphony Orchestra and Berlin Philharmonic Chorus in Verdi's Requiem, with Miriam Gauci, Rosamaria Lang, Dino di Domenico and Peter Lika (West Berlin 8258 160). Tomorrow: Giuliani conducts the BPO (East Berlin 2080 2156).

Philharmonie Kammermusiksal 20.00 Brandis Quartet plays string quartets by Beethoven and Weill, plus Schumann's Piano Quintet with David Levine. Tomorrow: Ensemble Modern plays Rihm (West Berlin 8258 160).

## BONN

Oper 20.00 Julius Rudel conducts Graham Vick's new production

of La bohème, also Fri. Sun: opera pot-pourri. Mon: Theo Adam song recital (773687). Tomorrow: Richard Strauss and Saint-Saëns (773688).

## CHICAGO

Orchestra Hall 19.30 Zubin Mehta conducts the Chicago Symphony Orchestra in Brahms' Third Symphony and Ravel's Daphnis et Chloé. Tomorrow: Mehta conducts world premiere of a new work by Lukas Foss, repeated Fri and Sat. Sun: Mitsuko Uchida plays Mozart with the St Paul Chamber Orchestra (435 8668).

## COLOGNE

Philharmonie 20.00 Helmuth Rilling conducts the Stuttgart Bach Collegium in Cherubini's Mass in D minor. Tomorrow: Wind Soloists of the Berlin Philharmonic. Fri evening and Sun morning: baroque programme with the Cologne Chamber Orchestra. Sat: Kalman's opera Die Fälschung (2801).

## COPENHAGEN

Royal Theatre 20.00 Two Bournemouth ballets: The King's Volunteers on Amager staged by Anne Marie Vessel, and La Syphide staged by Henning Kronstam, repeated on Fri. Tomorrow: La nozze di Figaro. Sat: Bournemouth's A Folk Tale (3314 1002).

## FRANKFURT

Alle Oper 19.30 Michael Gielen

conducts the Frankfurt Radio Symphony Orchestra and Mainz Bach Choir in music by Hanns Eisler, Luigi Nono and Beethoven, repeated tomorrow and Fri. Sun: Mendelssohn's oratorio St Paul (1340 400).

## GENEVA

Grand Théâtre 20.00 John Nelson conducts Franca Zambello's production of Benvenuto Cellini, with Michael Collins in the title role. Final performance on Sat and next Tues (212311). Comédie 20.00 Botho Strauss' play La Temps et La Chambre, directed by Patrice Chéreau. Daily except Sun and Mon till Feb 27 (205001).

## LEIPZIG

Gewandhaus 20.00 The King's Singers. Tomorrow and Fri: Petr Altrichter conducts the Prague Symphony Orchestra in music by Mozart, Sibelius and Suk. Sun: Katia Ricciarelli is soloist with the Leipzig Radio Symphony Orchestra (7132 252). Tomorrow in Opera: Fidelio on the Roof. Sat: Carmen. Sun: Tristan und Isolde (7168 273).

## LONDON

Covent Garden 19.30 Peter Wright's Royal Ballet production of Giselle, with Alinae Asymurayeva. Tomorrow: ballet triple bill (071-240 1066). Coliseum 19.30 James Holmes conducts David Pountney's ENO production of Kurt Weill's Street Scene, with a cast including Janice Cairns and Lesley Garrett. Tomorrow: Xerxes (071-636 3161). Royal Festival Hall 19.30 David

Atherton conducts the BBC Symphony Orchestra and Chorus in Stravinsky's Orpheus and Persophone. Tomorrow: Richard Hickox conducts the RPO (071-928 8800).

Queen Elizabeth Hall 19.45 Oliver von Dohnanyi conducts the London Mozart Players in music by Falla, Gerhard and Arriga, with Nicola Hall soloist in Rodrigo's Concierto de Aranjuez. Tomorrow: Emma Johnson plays Rossini (071-928 8800). Barbican 19.45 Stanislaw Skrowaczewski conducts the Hallé Orchestra in Brahms' First Piano Concerto (soloist Peter Frankl) and First Symphony. Fri: Pavel Kogan conducts the Moscow State Symphony Orchestra, at the start of a 12-concert UK tour (071-638 8891).

## NEW YORK

THEATRE ● Death and the Maiden: Glenn Close, Richard Dreyfuss and Gene Hackman star in this play by Chilean author Ariel Dorfman, focusing on a woman who was tortured 15 years ago, has since married and now plots revenge on her attacker. Directed by Mike Nichols. Now previewing, opens March 17 (Brooks Atkinson Theatre, 235 West 47th St, 719 4029).

● Ascension Day: Michael Henry Brown's drama based on the 1851 Nat Turner slave revolt, with a cast led by Kevin N Davis. A Working Theater production directed by Kenneth Richardson (Hudson Guild Theatre, 441 West 28th St, 279 4200).

● Private Lives: Joan Collins and Simon Jones star in the 1930 Noel Coward comedy, directed

by Arvin Brown. Now previewing, opens tomorrow (Broadhurst Theatre, 235 West 44th St, 239 6200).

● And The World Goes 'Round: celebrating 25 years of works by the composer John Kander and lyricist Fred Ebb, directed by Scott Ellis (Westside Theatre, 407 West 42nd St, 307 4100).

● Ticketron answers inquiries and sells tickets for most shows on and off Broadway (248 0102).

## PARIS

THEATRE Comédie Française 20.30 Calligula, Albert Camus' play about the intoxication and folly of power, in a new production marking the theatre debut of the veteran film director Youssef Chahine. Mon, Wed and Fri evenings, also Sun afternoons, till April (4015 0015). Théâtre des Bouffes du Nord 20.00 Ruy Blas, one of Victor Hugo's masterworks, in a production featuring the father-son duo of Georges and Lambert Wilson. Daily except Sun and Mon till April 18 (4807 3450).

Habérat 21.00 Old Times, Harold Pinter's play about power within relationships, with Carole Bouquet, Sami Frey and Christine Boisson. Daily except Mon till April 5 (78 bis, bd des Batignolles, 17e, 4387 2923).

Théâtre de la Ville 20.30 Roberto Zucco, Bernard-Marie Koltès' controversial 1990 play which makes a hero out of a mass murderer. Runs till Feb 29 (4274 2277).

MUSIQUE/DANCE Salle Pleyel 20.30 Neeme Järvi

conducts the Orchestre de Paris in Haydn's D major Cello Concerto (soloist Lynn Harrell) and Nielsen's Fourth Symphony, repeated tomorrow (4583 0793).

Palais Garnier 19.30 Stuttgart Ballet in John Neumeier's A Streetcar Named Desire. Daily till Sat (4017 3535).

Châtelet Auditorium 21.00 Henry Threadgill Jazz Ensemble. Tomorrow: Benny Golson Group. Fri: James Moody Quartet. Sat: Ted Edwards Group. Fri, Sat and Sun in main theatre: Frankfurt Ballet in William Forsythe's The Loss of Small Detail (4028 2840).

● A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8895.

## STRASBOURG

Palais de la Musique 20.30 Theodor Guschlbauer conducts the Strasbourg Philharmonic Orchestra in Haydn's Cello Concerto (soloist Arto Noras) and Bruckner's Ninth Symphony. Repeated tomorrow (8837 6777).

Théâtre National 19.30 Heiner Müller's play Germania Tod in Berlin, directed by Philippe van Kessel. Daily till Sat (8835 4452).

## ZURICH

Opernhaus 20.00 Ballets by Bertrand d'Al and Bernd Roger Bionert, with music by Zemlinsky and Richard Strauss, also Sun evening. Tomorrow and Sun afternoon: Il trovatore. Fri: La bohème. Sat: first night of new production of Ligeti's La Grand Macabre, conducted by Zoltan Pesko and staged by Marco Arturo Marelli (252 0800).

## European Cable and Satellite Business TV

(all times CET)

## MONDAY TO FRIDAY

CNN 0730-0800 Moneyline 1230-1300 Business Morning 1330-1400 Business Day 2000-2300 World Business Today — a joint FT/CNN production with Grant Perry and Colin Chapman 2300-2330 World Business Today 0100-0130 Moneyline

Super Channel 0800-0830 Business View 0830-0900 Business Insider 2130-2200 (Tues) East Europe Report — weekly in-depth analysis from ETV 2130-2200 (Wed) FT Business Weekly — global business report with John Gelliff 2130-2200 (Thurs) Talking Heads — international issues

Sky News 1200 International Business Report 1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

SATURDAY CNN 0730-0800 Moneyline 0900-0930 World Business This Week — a joint FT/CNN production 1640-1650 Moneyline 1900-1930 World Business This Week

SUNDAY Super Channel 1800-1830 FT Business Weekly Sky News 1230, 1830, 2030, 0230, 0230 FT Business Weekly CNN 1800-1830 World Business This Week



## FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL  
Telephone: 071-573 3000 Telex: 922188 Fax: 071-407 5700

Wednesday February 19 1992

## The rewards of failure

FEW THINGS better illustrate the weakness of managerial accountability in the Anglo-Saxon economies than the haphazard way in which top executives are paid. Disclosure is minimal; pay levels are usually set by other top executives with a vested interest in high settlements; and there appears to be little obvious relationship between risk and reward. Small wonder that there is widespread suspicion on both sides of the Atlantic that top executives have been feathering their own nests. Nor is it purely a matter of envy.

There is no correlation, internationally, between high executive rewards and corporate success. Indeed, there may be a negative correlation. Such evidence as there is suggests that German and Japanese executives require less bonus to deliver economic miracles. In the United States, where pay packages consist of more important part of society's scoring system, managerial rewards are sky-high by international standards. Yet the country is suffering from a long-term crisis of productivity, of which the troubles of the motor industry in Detroit are just one symptom.

In Britain, meantime, the relationship between high incentives and performance is also perverse. Several of the entrepreneurial high fliers of the 1980s found themselves in the headlines first as recipients of spectacularly high executive pay, then as victims of the sack or of receivership. There is something odd, too, about the way in which British directors' pay has outstripped average earnings by a wide margin since 1979 when top marginal rates of tax plunged from 98 per cent to 40 per cent.

## Simplistic view

That does not sound like any discernible approximation to a market system of pay determination. Nor does it reflect a very subtle view of human motivation in the firm. The more eye-catching pay packages in Britain and the US point to a one-dimensional view of managerial capitalism in which the top executive is a mighty superhero in charge of a bloodless machine, because he alone is perceived to hold

the key to growth, he requires large rewards. Yet there are few such supermen in the real world of industry and commerce, where competitive advantage increasingly derives from the effective management of wider human capital. That, in turn, calls for teamwork and a shared sense of common goals, which are unlikely to be fostered by excessive rewards in the boardroom. A better way of arriving at top pay is badly needed. And that means something more than cosy remuneration committees of non-executive directors for all quoted companies.

## Greater disclosure

Britain's Cadbury committee on corporate governance would do well to ponder the US Securities and Exchange Commission's latest initiative to require greater disclosure, together with a shareholders' vote on management pay proposals. More disclosure is undoubtedly needed; and a vote on remuneration at British annual general meetings would have the effect of concentrating management's mind, even if institutional shareholders used the additional information chiefly to crack the whip behind the scenes.

The institutions on either side of the Atlantic should also use their influence to steer management away from spurious performance measures in the direction of simpler reward systems. There is no wholly satisfactory measure of performance and in big industry today success frequently has as much to do with collective achievement than with the efforts of individual directors. Performance targets can provide an incentive to juggle with accounting or engage in unproductive takeover activity. And share incentive schemes should be just that: incentives, not rewards that entail no risks.

The most damning aspect of the present system in the Anglo-Saxon world is the consistency with which managerial failure appears to be so handsomely rewarded. It would be foolish to expect top management to find its own remedy without constructive prompting from outside.

## The UN and Yugoslavia

BARRING any last-minute hitches - such as a breakdown of the ceasefire in Croatia - the United Nations is about to embark on its largest peace-keeping mission in 30 years, by deploying more than 14,000 troops in Yugoslavia.

The risks are considerable. The UN is venturing into uncertain territory: its goals are seen differently by Croatia and Serbia, the two main protagonists, in a conflict that has already left at least 5,000 people dead, and more than half a million homeless. But its task is vital nonetheless: preserving the peace in order to give political negotiations on Yugoslavia's future a chance.

Supported by the European Community, the UN was invited by Croatia, Serbia and the federal army to implement the latest ceasefire. It has already set out a detailed programme on where, how and for what duration its troops should be deployed throughout Croatia. It has also clearly spelt out its objectives: it will seek to persuade the army to withdraw from Croatia, and all sides to disarm. More importantly, as stressed in its mandate, the UN will act as a neutral arbiter in the outcome of political negotiations for a comprehensive settlement of the Yugoslav crisis. Finding that remains the task of the EC-sponsored peace conference on Yugoslavia.

The UN is treading a fine line between the hopes and fears of the two republics. Croatia has reservations about its plan. President Franjo Tudjman fears that the presence of the UN troops will cement the gains made by Serbia and the army which control nearly a third of Croatian territory. He wants the UN to facilitate the federal army's rapid withdrawal from the republic, help restore Croatian jurisdiction throughout its territory, and then go home within a year.

## Balkan conflagration

Serbia, in contrast, believes that the longer the UN stays, the more likely it is that parts of Croatia will be eventually annexed by Serbia. The sermons for their part, argue that the UN is about to become embroiled in a Balkan conflagration from which no easy or honourable retreat will be possible.

No one can doubt the difficulties facing the UN troops. In addition to trying to promote trust among Serbs and Croats, they will, in the process of disarming all sides, confront people with a long tradition of bearing arms and using them.

## Peace conference

But if the UN is to inspire confidence, it is imperative that its peace-keeping role be coupled with the reconvening of the peace conference, which has been suspended pending clarification of the UN's role. Without parallel political negotiations led by the Community, the UN's mission could easily come unstuck.

There are several things the Community should do to assist the peace process. It must insist on rigorous implementation of the arms embargo which was imposed last year but has not been strictly enforced. Since its recognition by the international community last month, Croatia is rearming so as to redress the military balance, and regain its territory. Serbia and the federal army are also obtaining weapons. Rearmament by both sides could strain the ceasefire and ultimately force the UN out.

The EC also needs to address the future status of other republics which are still seeking recognition, principally Macedonia and Bosnia-Herzegovina. The latter republic with an ethnic mix of Moslems, Serbs and Croats is now a virtual hostage of the Serb-dominated federal army. It is also in danger of becoming the next theatre of conflict, as Serbia and Croatia turn their attention to carving it up between them.

Recognition of Bosnia's territorial integrity by the Community is thus critical. It would strengthen Bosnia's hand in arguing for the withdrawal of the army into Serbia, which is now its natural home.

The impending UN peace-keeping effort is a step towards consolidating the stand-off between Serbia and Croatia. But it should not be seen as an end in itself if it is not accompanied by a fresh Community effort to find a lasting political solution, its efforts will be in vain.

Over the past year City observers have watched in horror as the Lloyd's insurance market and its participants have apparently driven towards an unavoidable brick wall. There has been much waggling of the steering wheel, and some heroic work on the brake-pedal - but the relentless skid has continued. This may be a somewhat apocalyptic view, but events over the past week - in which Lloyd's has been pilloried in the House of Commons and the press - have done little to dispel the impression.

In reality, the crunch has two components: financial and legal. Multi-million-pound insurance claims from asbestos and pollution-related claims in the United States, and from a string of catastrophes between 1988 and 1990, have driven hundreds of the market's Names to seek legal redress for their losses. Now the impact of the legal cases themselves could begin to aggravate the market's underlying financial problems, as some Names seek court injunctions to avoid having to pay out on claims.

The \$116m out-of-court settlement won by Outhwaite Names last week is likely to prove a significant contributor to a wave of further legal action. Names are the individuals whose personal assets support underwriting at Lloyd's: they are committed to risks by managing agents acting on their behalf. In the Outhwaite case, 1,614 members of a syndicate managed by Mr Richard Outhwaite ran up losses of more than \$200m as a result of reinsurance contracts that fell foul of court awards to victims of asbestos in the US. Just under 1,000 of the Outhwaite Names brought a lawsuit against 81 Lloyd's agents, which resulted in a settlement giving them back more than 90 per cent of money paid out so far in claims.

The Outhwaite settlement could spur further action in three ways:

● The demonstration effect. Evidence that suing brings success could stimulate new actions by Names in addition to the seven actions already in progress in the UK and three in North America.

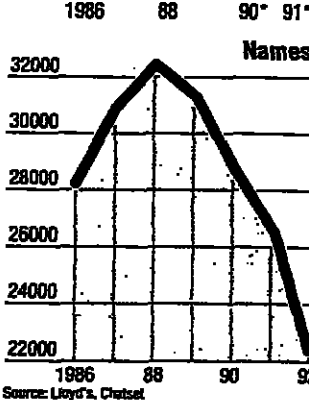
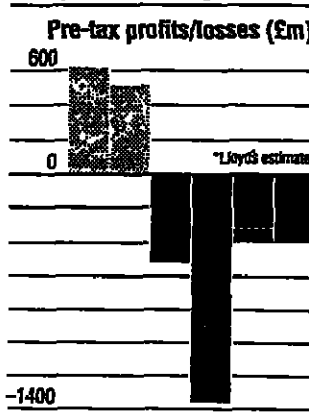
● The "me, too" effect. The Outhwaite settlement did not apply to 627 Names in the syndicate who did not join the legal action. Many of these were "working Names" who may have found it difficult to take action because their employers were either Lloyd's agents or brokers. These non-litigating Names are now considering legal action of their own.

● The "why me?" effect. The settlement placed the costs of the Outhwaite losses on the agents' "errors and omissions" insurers - which cover the cost of legal awards against reinsurance managers. Many "a and o" policies are written by Lloyd's syndicates.

The Outhwaite case is not the only spur to legal action, however. Also about to join the fray are Names on "spiral" syndicates. These are catastrophe reinsurance syndicates which reinsured among themselves in a continually evolving spiral of reinsurance. They are in desperate straits as the claims from catastrophes at the end of 1988 and begin-

## Lloyd's faces a crunch on several fronts, writes Richard Lapper Multiple damages

## Lloyd's: the problems mount



Source: Lloyd's, CNA



Stamp capacity (£bn) under Lloyd's rules

ning of 1990 - Hurricane Hugo, the San Francisco earthquake, a Phillips Petroleum explosion in Texas and storms in January 1990 - come home to roost.

Syndicates managed by Feltham, Rose Thomson Young, Gooda Walker and Devonshire are among those affected. In some cases solicitors are advising their Names to seek court injunctions to stop Lloyd's drawing down on funds deposited with their agents. A firm of solicitors - Michael Freeman - is seeking injunctions on behalf of 600 Names on the grounds that the cash calls were legally "improper". Another group of Names believes that the reinsurance contracts may be "voidable" - contain flaws which would allow Names to apply to have them set aside. If legal advisers agree, another group of Names may seek separate injunctions.

Separately, Names are also conducting a vigorous public relations campaign, which has recently highlighted the political profile of these matters. The most influence has been brought to bear by a loosely knit alliance including action groups formed by members of the Gooda Walker, Rose Thomson Young and Devonshire syndicates.

These groups have links with the Society of Names, an umbrella group formed by Mr

Tom Beryon, the former Tory MP, last year. They have contacts with several backbench Conservative MPs, including Mr Paul Marland, who is a member of the Gooda Walker and Rose Thomson Young syndicates.

The protesters have made a wide range of allegations about the way Lloyd's works, including accusations that underwriters are overpaid and that the market is prey to malpractices that favour insiders.

Some of their allegations - especially those about the scale of remuneration of some Lloyd's participants - are well-founded, although the information on which they are based has been in the public domain for some time.

Much of what they say must be treated with considerable caution: some of the syndicates accused last week of being given better-quality business because they are dominated by Lloyd's insiders actually made losses in the last underwriting year.

Evidence cited in an extensive review by a 14-man task force into the market's business structure shows that in two of the last three underwriting years, outside Names obtained better results than their counterparts who work in the market.

More general allegations about malpractice also appear overblown. The market's regu-

lation has improved markedly since the Lloyd's Act of 1982. An independent inquiry into Lloyd's in 1987, headed by Sir Patrick Neill, reported: "We know of no equivalent organisation which has accomplished such a major programme of reform in such a short time-scale."

But the complaints, though distorted, have served to highlight the market's problems at a time when it is facing acute financial difficulties.

Over the next six to 12 months, the combination of continuing losses and legal challenges from Names refusing to pay up could be devastating. Lloyd's would be especially vulnerable if Names continue to enjoy the legal success they experienced in the Outhwaite case.

Lloyd's solvency is not under threat. The market's ability to pay claims is backed by at least £10bn which represents the gross assets of more than 20,000 Lloyd's Names.

However, the market's liquidity and cash-flow problems are serious. At least £3bn must be paid out in losses between June 1992 and the end of next year. These losses, together with a flood of legal challenges, could eat into the immediately available reserves of more than £4bn.

Many syndicates are desperately short of cash, especially of sterling. Reserves have been depleted by several recent claims. Last September's Japanese typhoon is the latest. Ironically the £116m needed to pay the errors and omissions claim incurred as a result of the Outhwaite settlement could exert further pressure.

"There is a serious shortage of sterling on the market," said one agent this week.

These worries explain why some leading market figures have started preliminary talks with ministers and the Bank of England about what could be done to ease a cash crunch should one arise in the next few months. Neither the Lloyd's Corporation - which provides back-up services for the market - nor the Lloyd's Council - the market's governing body - have been involved in the discussions.

But the dynamic of current developments is such that developments in the next few months will be ruled out. At the least, recent events will keep the pressure on Lloyd's to implement the 65 recommendations of the task force which reported last month. In particular, Lloyd's would need to initiate changes in legislation if the market wanted to attract capital from overseas.

The three scenarios sketched out by the task force all assume that Lloyd's will eventually be forced to supplement its existing source of capital - from individual Names - with capital from corporate entities. One scenario envisages "legal challenges threatening the sustainability of the relationship between the market and its agents and suggesting that limited liability capital could rapidly become the predominant form of capital in the market."

Two months ago the authors of the task force report were expecting that process to take from five to seven years. Given the pace of legal, financial and political developments over the past few weeks, the move towards a market dominated by corporate capital could be much quicker.

## Straining at Prague's leash

Ariane Genillard explains the Slovaks' growing discontent

When Mr Helmut Kohl, the German chancellor, arrives in Czechoslovakia at the end of this month, he will sign a treaty of friendship aimed at healing wounds that have festered since German forces divided the country during the Second World War.

But timing is ironic. New political forces arising from the collapse of the Soviet bloc, together with the deep-rooted Slovak nationalism, are threatening to split the country again into its Czech and Slovak components.

In the two years since the collapse of the communist government in Prague, the Czech and Slovak republics have been unable to agree a political basis for their future coexistence in one country. General elections in June are likely to see advocates of greater autonomy win a majority in the Slovakian parliament, further increasing pressure on the country's fragile federal structure.

As in the republics of the former Soviet Union and Yugoslavia, the lifting of communist rule has shown up latent divisions. The federal government in Prague will be hoping that it can reach agreement on a new federal structure without the upheavals suffered elsewhere in eastern Europe.

Tension has been exacerbated by growing nationalism in Slovakia, the smaller and poorer republic, which is home to a third of the country's 15m population. A powerful faction within the Christian Democrats, the biggest party in the republic's coalition government, is calling for greater autonomy, as is the opposition Movement for a Democratic Slovakia, led by the demagogue Mr Vladimir Meciar.

Such calls are resisted by the Czech-dominated federal government. While Czech politicians and the federal government have accepted the need for negotiations on the country's political structure, they resist a weakening of the existing powers of the central government. For the federal government and for pro-independence politicians in Slovakia, Mr Meciar poses a growing threat. Recent polls indicate that 27 per cent of Slovak voters support him; he is expected to win the most votes in June. While stopping short of demanding independence, he is seeking increased powers for the Slovak parliament, and wants the federal government to slow the pace of its economic reform.

Slovakian nationalists such as Mr Meciar are capitalising on a revived sense of Slovak identity. Or, as Mr Zuzana Weberova, a young factory worker in central Slovakia, puts it: "He makes us feel like we are born again, like we can suddenly speak our own language." Slovakia has always felt like a poor relation of the Czech republic. "Besides a short spell

when a pro-Nazi regime declared its independence during the Second World War, it has never exercised its 19th-century dream of nationhood," says Mr Jan Moravcik, a university professor in Bratislava, the Slovak capital.

Aspirations to nationhood are echoed by Mr Milan Kuzak, an adviser to Mr Meciar. "We must recreate a democratic nation, incorporate it with the Czechs, and then into the European Community."

Such ideas are heard frequently across the political spectrum in Slovakia. Mr Jan Carnogursky, the Slovak justice minister and leader of the Christian Democrats, has thrown doubt on his party's commitment to the Czechoslovak federation. He speaks of Slovakia's future star on the European Community flag.

Emerging Slovak nationalism has been fuelled by economic difficulties. The collapse of the Soviet market, which represented the principal source of demand for Slovakian industrial production, has prompted a fall in output and a loss of jobs. The republic's unemployment rate had climbed to 11.3 per cent by the end of 1991, twice the level in the Czech republic. In some Slovak regions, especially those which rely upon the defence industry, unemployment has passed 20 per cent.

Prospects for recovery are gloomy. In particular, the ponderous and inefficient Soviet plant and equipment has hampered adjustment to a more market-based system. Slovakia has attracted a mere 4 per cent of the estimated \$800m of foreign investment which has flowed into Czechoslovakia in the past two years. Slovak politicians believe the federal government does not have the republic's economic interests at heart. They have criticised the decision to wind down and eventually phase out the country's production of arms, the bulk of which is made in Slovakia.

Mr Meciar, who promises to maintain the republic's defence industry, also wants to force businesses to be kept in Slovakia, as well as offering loans for industry. "The problem with the nationalists' ill-defined economic programme is that it would run against the radical reforms, backed by the International Monetary Fund, which were drawn up last year and are being implemented across the country. The reforms include privatisation and anti-inflationary measures such as a tight monetary policy and restrictions on government expenditure."

The danger for the federal government in Prague is that it will no longer be able to implement such policies in a more independence-minded Slovakia. As the two republics wrestle with their diverging paths towards a complete break will become harder to control.

## On a limbo in Poland

Why is Poland having so much more difficulty than countries like Czechoslovakia and Hungary in keeping its financial institutions of state fully crewed?

Karol Lutkowski, Poland's finance minister, is the latest to jump ship following a difference of opinion with the rest of the government on financial policy.

But if he hadn't walked the plank, it sounds as if several of his deputies would have. Lutkowski was not an easy man to work with, they say. A permanent replacement for Janusz Sewicki, Poland's official debt supervisor who resigned under a cloud last autumn, has still to be found. Across the street at the National Bank of Poland, Grzegorz Wojtowicz - sacked for not preventing the Art B scandal - has still not been replaced.

If that were not enough the British government is now pressing the NBP to appoint a Pole as head of the banking supervision department. The present head, Stanislaw Berezna - seconded from Barclays - was only supposed to be a temporary fixture.

Little effort seems to have been made in replacing him and as ever more problems loom in banking. Britain wants its man to adopt a lower profile. The implication is that the plug will be drawn on Berezna's Know-how Fund funding, if the Poles do not start trying to put their house in order.

## Purdah progress

The Treasury has been forced to drag itself into the late 20th century; it has relaxed its rules over pre-Budget purdah.

This year, the curtain, which otherwise normally shields

recent high-level review of the more than slightly absurd custom of muzzling ministers and officials for three months before the annual Budget statement.

Presumably, the new thinking is that silencing Norman Lamont and his colleagues would give the opposition an unfair pre-electoral leg-up. Anyway, the worst secret - notably the less-than-dazzling condition of the economy - is long out of the bag.

## Going down

Bad news about Wall Street. I fear, GRE Asset Management reports that one of its most sophisticated technical indicators - its pile of US new issue prospectuses - has collapsed. The rule of thumb is that if the pile gets so high that it falls over of its own accord, the US market is over-valued. The pile has looked pretty unstable before now but this is the first time it has fallen over. "No one was near it; it just went," reports a frightened GRE fund manager.

## Fine-graded

At the mention of any big job in British television up pops the name of Michael Grade. There have been endless rumours, for example, that the ITV companies are desperate to recruit the Channel 4 chief as their central scheduler responsible for masterminding the £500m plus programme budget.

Yesterday Grade came as close as he ever will to ruling himself out of the running for this post. "I ought at this stage to make it quite clear that despite all rumours to the contrary I am not considering taking the new central scheduler job. To quote Sam

## OBSERVER



"We're from the serious fraud squad but don't worry about it."

Goldwyn "Include Me Out." Clearly, Grade is constrained by Channel 4's golden handcuffs and he also wants to see his channel successfully selling its airtime in competition with ITV.

However, some believe that Grade is playing an even longer game and has his eye on the top job at the Beeb. He seemed to be lining up for audition for that job at yesterday's FT cable and satellite conference. By praising the BBC governors for realising that it was time to stop concentrating so much on news and current affairs and move more money into popular programmes, he is setting himself up as the man for the job if John Birt were ever to stumble.

## Epiphenomenal

There is some justification in the Liberal Democrats' complaint that they receive little media attention. But Robert Maclean, the home affairs spokesman, is not helping his

party's case. First, he composes a press release which accuses the Home Office of seeing the rise in crime as "the ineluctable by-product of universal wickedness".

Then he talks about "offences" instead of "offences". When practising as a barrister, it was said that his written opinions were much valued because he was such a boring speaker in court. His latest offering is not helping his reputation.

## Any offers?

One by-product of the collapse of Australia's famous entrepreneurs is that Australian banks are now world leaders in offering of seized collateral. However, Westpac Banking Corporation is maintaining a discreet silence about its latest asset.

Calgoolie's Pink House, a 14-bedroom house, which also boasts a spa, swimming pool, and a tennis court, was seized by the bank after the owner defaulted on a mortgage. The bank is now offering it for sale.

Westpac took possession of the property after Madame Charlie failed to keep up mortgage payments on the 14-bedroom house, which also boasts a spa, swimming pool, and a tennis court.

But there is no prospect of a Westpac-sponsored executive relief centre. According to the fine print, corporations are barred from running brothels; these can only be operated by women acting without financial backing from men.

## Spice of life

The ministry of finance in the tiny West Indian island of Grenada has issued a list of over 100 companies which purport to be banks but have no valid licence to operate as such in Grenada.

Top of the list is the Arthel Bank & Trust Ltd. Number five on the list is Bank of America Ltd...

## GLOBAL GOVERNMENT PLUS FUND LIMITED

International Depository Receipts (IDRs)

Issued by Morgan Guaranty Trust Company of New York

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Members of Global Government Plus Fund Limited (the "Company") will be held at the Bank of Bermuda Building, 4th Floor, Front Street, Hamilton, Bermuda, on Friday, March 6, 1992 at 9:00 a.m. for the following purposes:

- To approve the minutes of the Annual General Meeting of Members held on March 8, 1991 and on March 28, 1991.
- To receive the audited financial statements of the Company for the year ended December 31, 1991 and the Auditors' report thereon.
- To elect Directors.
- To approve the remuneration of the Directors for the period from March 1, 1992 to the date of the next Annual General Meeting.
- To authorise the Directors to appoint alternate Directors on their behalf.
- To appoint Auditors.
- To authorise the Directors to approve the remuneration of the Auditors.
- To transact such other business as may properly be brought before the Annual General Meeting.

## Voting arrangements for IDR holders

IDR holders who wish to vote must follow one of the following procedures:

- If the IDRs are held in an account with Euroclear or CedeL, IDR holders must contact Euroclear (Securities Department - tel. 32-2-519.12.11 - telex 61025 MGTBCH) or CedeL (Securities Administration - tel. 302-44.99.21 - telex 2791 CEDEL LU) instructing them to block IDRs in the IDR holder's account until conclusion of the meeting and specify the manner in which the votes attributable to the IDRs should be cast.
- If the IDRs are not held in Euroclear or CedeL, IDR holders must ensure that their voting instructions, together with either their IDRs or their bank's confirmation of deposit (bearing IDR serial numbers), reach the Depository at the address given below (Securities Department - tel. 32-2-508.84.49 - telex 21752 MORBK B) by March 3, 1992.

A fee of not less than 1% per IDR in respect of which a vote is cast will be due to the Depository. Euroclear, which instructs Euroclear to vote will be debited by Euroclear. The other IDR holders are requested to transfer the fee to Morgan Guaranty Trust Company of New York, New York, for account 570-01-422 of the Depository, under reference GLOB.GOVV. AGM.

Copies of the information circular relating to the Meeting are available at the address indicated below.

Depository: Morgan Guaranty Trust Company of New York

35, Avenue des Arts, B-1040 Brussels



## LETTERS

## Questions of pensions security

From Mr E H Thomas.

Sir, Mr H R Wynne-Griffith (Letters, February 15) refers, in respect of the Maxwell pension funds, to the situation in which banks appear to have title to collateral received by them as security for loans where such collateral was not in the ownership of the borrowers.

In these circumstances, why should not those banks and their employees responsible for these transactions be charged with receiving or handling stolen property?

E H Thomas, 20 Brunel Lane, Purley, Surrey CR8 1HF

From Mr Richard Malone.

Sir, In your leader of February 7 on Maxwell's pensions you say that "the pensions lobby" would argue against the principle of pension rights ranking as secured creditors when the sponsoring business fails, because it does not regard final salary pensions as deferred pay.

This assertion confuses two issues. Few people would argue with the principle that the value of accrued pension rights is the members' stake in the fund as you put it - could be described as deferred remuneration, but that does not in itself resolve the complex question of the ownership of surplus assets in balance of cost savings.

As far as the ranking of pension rights in a liquidation or receivership is concerned, even fewer would argue against the case for further enhancing the overall security of members' retirement provision in occupational pension schemes in fact. It is hoped that such a change in legislation may be one positive development which may emerge from the disastrous consequences of the Maxwell case.

Richard Malone, director, Noble Leagues, Norfolk House, Wellesley Road, Geyland CR8 3EB

## A certain truth about business leaders

From Mr T J Evans.

Sir, Mr Aldo Morita's DTI innovation lecture, and the surprise he expressed that many UK high technology companies find themselves being led by chartered accountants, has produced the expected response from the Institute of Chartered Accountants (Letters February 15). Mr Davis seeks to explain the difference in the normal pedigree of business leaders in the two countries as being largely cultural.

What is undeniable is that in the post-Second World War period Japanese industry has been more successful than British industry and, although the causal link between accountants and relative lack of success in the UK is no more proven than a similar link between engineers and the success of Japanese industry, it does give food for thought.

Consistently one of the most successful sectors of UK manu-

facturing has been the chemical industry and here data from the last Chemical Industries Association graduate recruitment survey may be of interest. In 1991, CIA member companies recruited in excess of 500 engineers and scientists and but four accountants (and not a single lawyer).

Equally, however, before one gets too anecdotal, there are certainly examples where engineering enthusiasm appears to have bankrupted companies. Hence the need for an appreciation of both fields by business leaders.

What, however, I believe to be a certain truth, is that it is far easier to teach accountancy engineers than to attempt the reverse.

T J Evans, general secretary, Institute of Chemical Engineers, Davis Building, 165-171 Railway Terrace, Rugby CV21 3BQ

## Where the UK should get its teeth into delegation

From Mr Robert Guskas.

Sir, I have recently returned from a wonderful, two-week visit to the UK, the original "Magic Kingdom". A large part of my two weeks was spent visiting British dentists and dental tradesmen and women.

I was quite surprised to find, in a country with a well developed National Health Service, that the average dentist rarely employs a dental hygienist and that a law exists forbidding dental assistants to assist in "wet-nursing". Rather, it is sound economic sense.

L. Williamson, Wimbledon, London

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

## Minister dismisses criticism of government's human rights stance

From Mrs Lynda Chalker.

Sir, Mrs Chalker in her letter (February 12) alleges that the government allows short-term interests to override concerns on human rights.

This is unworthy. We have shown ourselves perfectly willing to take action in recent months on Kenya and Sri Lanka, and in both cases this has had a beneficial effect, although these countries have more work to do before the international community will be fully satisfied. Before that, we cut off aid to Burma, Sudan and Somalia. The point is that we did so as a last resort. There are many ways in which we can make our views known, and we must make the best use of these to achieve our aims -

not simply move to cut off aid as a rhetorical gesture.

Mrs Chalker cites the case of Indonesia, in the light of the appalling events that occurred in East Timor on November 12. She alleges that the government only reacted following pressure of world opinion. The truth is quite different. As she knows, the Indonesian ambassador was summoned to the Foreign and Commonwealth Office on November 13 to be told of the government's grave concern at the killings.

President Suharto has expressed his shock at the Dili incident. He has removed the military commanders from their posts and promised there will be no repeat. The Indonesians have accepted a visit by

the UN secretary general's personal representative, Mr Wako, to clarify the Dili incident.

At their meeting on February 5, Douglas Hurd, the foreign secretary, told the Indonesian foreign minister that he welcomed the action that had been taken so far but sought assurances that they would complete, as promised, the next stages of the investigation to bring to justice those responsible, search for the missing and take measures to prevent a recurrence.

Indonesia remains one of the 50 poorest countries with the fifth largest population. It has a well deserved reputation for sound macro-economic management and for making effective use of aid. It has consider-

## Economic sense of child care

From Ms L. Williamson.

Sir, Mrs Johnson (Letters February 13) laments that it is difficult for women over the age of 40 to find jobs in the UK and that this group could be targeted to fill the supposed shortfall in the workforce arising from demographic changes.

As a working woman with a vested interest (I am in my 30s), I wholeheartedly agree - if, indeed, this is the sorry state of affairs.

However, I am also a mother of a 21-month-old daughter with another baby expected soon. I too have made my own child care arrangements by employing a young woman at a good wage for this full-time care. I am certainly fortunate in receiving a salary which enables me to do this. But I do ask that the government recognises the fact that I, like many other parents, have contributed to the well-being of this country by creating a new job for myself, which, after many years of investment in my education and training, I am well qualified to do.

This point should not go unnoticed at a time when unemployment is increasing all too rapidly and investment in new resources is restrained. Most importantly, parents should be encouraged to continue on this path by being granted relief on the cost of child-care. I do not call this "wet-nursing". Rather, it is sound economic sense.

L. Williamson, Wimbledon, London

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

Below average?

From Mr Terence Freely.

Sir, I trust his doctor friend warned Dominic Lawson ("How to see the future with an uncommon touch", February 15) that if he ever were to meet anyone of average intelligence he might find himself overwhelmed.

Terence Freely, The Garrick Club, Garrick Street, London WC2E 3AY

## Rushdie: no happy ending



FOREIGN AFFAIRS

"I have lost my freedom - my home, my family life, I want it back." I suppose some Moslems, reading those words uttered by Mr Salman Rushdie, the novelist, last week in his speech on the third anniversary of Ayatollah Khomeini's *fatwa* condemning him to death, will have felt a grim satisfaction. The rest of us, however, including many Moslems, must surely be moved by the pathos of Mr Rushdie's situation, and the words which he finds to express it.

His situation is a terrible one: physically, much preferable to that endured until recently by Mr Terry Waite and other hostages, and no doubt also psychologically better - Mr Rushdie after all can move about, even across the Atlantic and back, and has access to a wide range of distractions - but terrible all the same.

Nothing could be more understandable than his desire to see it ended, and he is entitled to expect the British government to do what it can to reduce the threat to him. Unhappily, though, there seems little prospect of its being reduced to a point where it will be possible for him to lead a completely open and normal life.

The argument about The Satanic Verses is one in which there is not much pleasure for either side. If one takes Mr Rushdie's side, one can easily slide into polemics against Islam or Moslems as such, increasing the sense of grievance and humiliation that many Moslems undoubtedly feel about the attitude of the western establishment towards them, especially in Britain.

And yet for anyone who takes liberalism seriously, defending Mr Rushdie is an inescapable task.

In the first place he has to be defended against Khomeini's *fatwa* and its consequences. Whatever the right thing to do about The Satanic Verses may be, no liberal can entertain the idea that the death penalty should be imposed on its author or publishers or translators; still less that murder can acquire any kind of legitimacy.

Following the shootings in East Timor on November 12 the donor countries concluded that projects already agreed with the Indonesian government should continue as planned. Our projects include a number relating to tropical forestry (its tropical forests are second in size only to those of Brazil), energy efficiency and the environment. These are key areas.

Lynda Chalker, minister for overseas development, Overseas Development Administration, 94 Victoria Street, London SW1E 5JL

## Edward Mortimer

## The wound opened by the publication of The Satanic Verses has not yet healed

in Britain by virtue of a death sentence passed *in absentia* by a legal authority in Iran.

But for a liberal, saying that Mr Rushdie should not be killed is not enough. The question is whether there is any principle justifying the abridgement of his freedom of expression. Here the British establishment is clearly wrong-footed by the existence of the law of blasphemy, which the courts have ruled does not extend to offences against Islam. It is impossible for Moslems not to see that *rating* as discriminatory.

Historically, blasphemy was an offence against God, which a Christian society had to suppress in order to avoid being collectively guilty of it. The question that arises now is not that at all, but whether freedom of expression on religious matters should be limited in the interests of peaceful co-existence between different religious communities. Do we need an offence of "incitement

not have to agree with all Mr Rushdie's political judgments (many of which were neither consistent nor profound) to find this line of argument contemptible.

Whoever declares The Satanic Verses "unreadable" is making a comment not on the book but on his or her own literacy. It is, admittedly, a book in which few if any readers can hope to catch all the allusions without some help. But it is, as Mr Rushdie himself has said, "a serious novel" and also a funny one. It is clever but, with hindsight, also funny for the author chose to treat playfully, even satirically, a subject which, as he well knew, is for millions of people deadly serious.

Would he have written differently if he had known what would happen? Two years ago he asked himself that question and replied: "Truthfully I don't know. Would I change any of the text now? I would not. It's too late." True enough. The

## Different authorities can give different rulings and, especially in Shia Islam, it is admitted that the law needs constant reinterpretation to suit changing circumstances

to religious hatred", comparable to that of "incitement to racial hatred"? Perhaps we do, but even under that heading a case against The Satanic Verses would be difficult to sustain.

In any event, it is much easier to respect the feelings of Moslems who are offended by the book than it is to accept the denigration of Mr Rushdie by non-Moslems. They often seem to be venting a right-wing, philistine grudge, with a hint of racial prejudice thrown in, against a successful left-wing writer of Indian origin. He has failed, they seem to feel, to show sufficient gratitude for his good fortune in being raised as a member of the British establishment, and is now driven to accept protection from the state he so intemperately criticised. One does

novel exists now as a historical, and indeed a historic, document. To alter its text would amount to tampering with the record, and would also make the whole controversy unintelligible.

So what can be done? Can the *fatwa* be "cancelled", as Mr Rushdie suggests? Technically not. In legal terms a *fatwa* is simply an opinion or ruling given by a learned authority. Only the authority could rescind it, and Khomeini is now dead. But different authorities can give different rulings and, especially in Shia Islam, it is admitted that the law needs constant reinterpretation to suit changing circumstances. Indeed, the Shia student is obliged to follow a living *marja*, or source of imitation. The trouble is that politically no living scholar's pronouncement

ments are likely to carry any weight like the same weight as Khomeini's.

The Iranian government takes the line that this is a religious matter in which it cannot interfere. (That may be a less preposterous statement than it sounds: in a theocracy, government is subject to divine law. The reverse is not supposed to be true.) But Iran has exchanged pledges with the UK that neither will seek to interfere with each other's laws. On that basis Britain agreed to restore diplomatic relations in the autumn of 1990, but has yet to raise them to ambassadorial level.

Both the British and Iranian governments say they would like to proceed to this step, but the UK has so far held back, mainly because it suspects that Iran has not fully abandoned its sponsorship of terrorism and assassination. Iran has denied involvement in the murder of the Japanese translator and attempted murder of the Italian translator of The Satanic Verses last July; but French and Swiss police found evidence that Iranian diplomats were involved in aiding and abetting the murder of Mr Shahpur Bakhtiar, a former Iranian prime minister, in France last August.

Whether these actions were ordered personally by President Ali Akbar Hashemi Rafsanjani may be doubted. All the evidence suggests that he is genuinely anxious to improve relations with the west, or at least with Europe and Japan.

But the record also shows that he was able to obtain the release of western hostages in Lebanon by Iranian-supported groups, once he was convinced that this was essential to the success of his policies. He should therefore be able also to impose the closing down of the Iranian death squads, especially if his supporters strengthen their position, as expected, in elections to the Iranian Majlis (parliament) in two months. Foreign governments - not only Britain - must keep telling him that this is essential if Iran is to be fully accepted as a member of the international community.

Last Sunday's killing by the Israelis of Sheikh Abbas Musawi, one of Iran's more cooperative protégés in Lebanon, will hardly have made it easier to get that message across.

## International Unit Trust Manager of the Year.. Again.



1991	THE SUNDAY TIMES International Unit Trust Manager of the year	1st
1990	THE SUNDAY TIMES International Unit Trust Manager of the year	3rd
1989	THE SUNDAY TIMES International Unit Trust Manager of the year	1st

## Perpetual - an international investment record of consistent success.

In 1991, twelve out of twelve Perpetual unit trusts were above average - of which six were in the top quartile.

To 10th February 1992, eleven of these funds have achieved a top quartile ranking for their performance since launch.\*

In 1990, nine out of eleven Perpetual unit trusts were above average - of which six were top quartile performers.\*

In 1989, all ten of Perpetual's unit trusts out-performed their sector average - of which six were again in the top quartile.\*

\*Source: Mifcorpl, on an offer to offer, net reinvested income basis.

Perpetual uses its international expertise for a variety of investments, including unit trusts, pension funds, private client and institutional investments and Personal Equity Plans.

Perpetual. Success that's truly international.

If you would like to know more about our winning investment performance ring Roger Cornick, Deputy Chairman on (0491) 576868 or write to Perpetual plc, 48 Hart Street, Henley on Thames, Oxon RG9 2AZ.

Past Performance is not a guarantee of future performance.

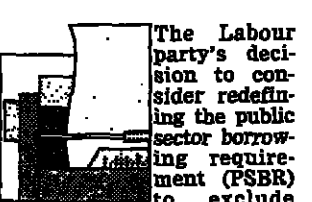


Perpetual Portfolio Management Limited  
Member of the PMP Group

John Perry is head of policy at the Institute of Housing.

## Three ways to free housing from the public spending trap

By John Perry



The Labour party's decision to consider redefining the public sector borrowing requirement (PSBR) to exclude funds raised for investment in transport and housing highlights the dilemma facing those advocating more public spending.

A sound economic and social case can be made for extra spending on housing and transport. But scope for additional expenditure by any public sector body is constrained by limits on the PSBR.

The dilemma is faced most starkly in housing, where repossessions, homelessness and waiting lists for council housing are all increasing. These are the symptoms of a crisis which has arisen because more than 1.5m rented council homes have been sold over the past decade and not been replaced.

Most national housing organisations agree that an annual programme to build 100,000 affordable homes to rent is needed - more than twice the present output. One way to finance that increase would be to use the capital receipts from council house sales. A little less than £2bn is available but under Treasury rules it is frozen in short-term investments.

The central problem is that, under present Treasury rules, spending the receipts counts as public expenditure and increases the PSBR. This is because the income from sales has been treated exactly like privatisation proceeds and

recorded as negative expenditure.

There are three possible routes out of the PSBR trap. The first is to stop treating the receipts as if they were privatisation proceeds. Council house sales are not the same as other privatisations: it is not necessary to "replace" BT but it is necessary to restore the supply of rented housing. A decision could be made to start adding receipts directly to each year's spending programme. This could be applied retrospectively to use past receipts where they would not involve new borrowing - the main part of the £2bn kept in short-term investments.

Second, a long-term strategy is needed which develops the capacity of housing associations and local authorities to build more homes. Housing associations have been in a relatively privileged position since the 1988 Housing Act which put them into the private sector for spending purposes. Only the public subsidy received from the Housing Corporation, the quango which distributes state grants to housing associations, counts towards the PSBR: housing associations' private borrowing does not count because it is not guaranteed by the Treasury.

It would not be hard to put the local authorities in a similar position to the housing associations. This could be by using the "ring-fencing" which was introduced in 1988 to keep the authorities' housing accounts separate from other council spending so that they cannot be subsidised from the poll tax.

There is no macroeconomic

reason why "ring-fenced" housing revenue accounts should be controlled by central government. If local authorities want to increase spending or borrowing on housing, they should be free to do so - so long as it is covered by revenue from housing.

The central government subsidy which backs local authority investment in housing would continue to count as public expenditure, and contribute to the PSBR. But investment decided locally should not, because it will be serviced by raising rents or selling assets - or even borrowing against the actual housing stock.

The purist will object to these two options because they involve changing accounting conventions.

The third option would avoid this by creating independent agencies to own and invest in local authority housing which would be technically outside the public sector.

Councils would transfer stock to such an agency at the value of outstanding loan debt. They could retain a strong influence over the agency through membership of the board, combined with a "golden share" to prevent the agency selling off the stock. Tenants could be given all or a share of the remaining positions.

The agency would be free to borrow, or invest from rents or asset sales. Government control would be limited to the subsidy the agency receives which would come via the local authority and, as with housing associations, would still be regarded as

public spending. Agencies of this kind are responsible for a big proportion of social housing investment in other European countries where they are not classified as part of the public sector - even where the local authority has a controlling share.

Even in Britain, the present regime is not as tight as first appears. Local authorities already have freedom to raise rents to invest from revenue (and indeed about 10 per cent of capital spending is from revenue this year). In Scotland, local authorities have the power directly to reinvest capital receipts.

Now is a propitious time to relax controls, not just because investment is urgently needed, but because the building industry is in recession and local authorities are more debt-free than for many years. Council debt has fallen by 50 per cent since 1975 and the net value of local authority housing stock has been put as high as £130bn.

The arguments that investment controls are needed for macroeconomic reasons or to temper demands on the building industry - always a thin case - have even less validity at present. And these options are no more radical than the government's plans to transfer hundreds of thousands of council homes to new housing associations.

Whichever party wins the general election, one of the three options outlined may be an attractive route to securing much-needed investment in affordable housing.

John Perry is head of policy at the Institute of Housing.











## INTERNATIONAL COMPANIES AND FINANCE

## Midland Group expected not to pay a dividend

By Robert Peston in London

MIDLAND GROUP is unlikely to pay a dividend for the second half of 1991, making it the first English clearing bank to omit a dividend since the 1930s. A year ago, it became the first bank since the Depression to cut its dividend.

A formal decision will not be taken by the bank's board until next week, when Midland is due to disclose its 1991 results. But executive management is expected to recommend that no dividend be paid, and a payment may be impossible in any case.

It is difficult to see how Midland can pay a dividend, said a financier with an intimate knowledge of the company. "It does not have the distributable reserves."

Under company law, compa-

nies can only pay dividends out of their distributable reserves. At June 30, Midland's distributable reserves were just 253m. Analysts believe Midland suffered a bad debt charge in 1991 close to £1bn on its UK loans alone.

Its results are due on February 27 and brokers expect it to report a pre-tax loss of between £50m and £100m for the year.

If the more pessimistic analysts are correct, Midland's distributable reserves would be wiped out, making it impossible to pay any dividend.

Midland's dividend dilemma is a reflection of the severity of the current recession, which has placed many borrowers in difficulties and forced banks to make huge debt provisions. Nonetheless, Midland's bal-

ance sheet remains strong by international standards. Its Tier 1 or core capital is thought to be equal to more than 5 per cent of its assets, well above the minimum level set by the Bank of England.

Unlike most companies, Midland does not divide its annual dividend between an interim and final payment. Instead, it normally pays two interim dividends, although the second-half interim is equivalent to most companies' final payments.

It made a first interim payment of 1.7p, in respect of the first six months of the year. So even if it did not make a second payment, it would remain on the dividend list and its shares could continue to be held by all investment funds.

## Judge puts off decision in battle over Perrier

By Alice Rawsthorn in Paris

THE outcome of the first round in the legal battle over the ownership of Perrier, the mineral water group, hung in the balance last night when a French judge said he would delay his judgment until later this week.

Mr Gilles Ray, president of the commercial court at Nîmes in southern France, is considering a case lodged by Nestlé, the Swiss food group which is mounting a FF13.42bn (\$2.48bn) hostile bid for the French mineral water company.

Nestlé has asked the court to freeze the voting rights on the 35 per cent stake in Perrier controlled by Exor, the French property group for which the Agnelli family of Italy is in the throes of a FF5.6bn friendly bid.

Nestlé, which last month secured a temporary injunction on the Exor votes, also wants the freeze to apply to Société Générale, the French bank allied to Exor.

Exor, whose chairman, Mr Jacques Vincent, also chairs Perrier, is fighting against the case which began yesterday in a court room packed with employees from the mineral water company.

This is the first in a series of cases which could be critical in determining the final outcome of the battle for Perrier. Next week, the Paris commercial court will decide whether to invalidate the recent purchase of 13.5 per cent of Perrier by Saint Louis, the French sugar group in which the Agnelli family also holds a stake.

Unless Nestlé succeeds in invalidating the voting rights of either Exor or Saint Louis it has no hope of winning control of Perrier given that together the two French groups control nearly 49 per cent of its equity. French food group BSN is to sell a 67 per cent stake in brewery Heineken Hellas to Greek wine company Boutari. Under the deal, Boutari will distribute BSN's beer and mineral water brands in Greece. BSN will keep a 19.5 per cent stake in Heineken.

## Den norske Bank losses treble

By Karen Fosell in Oslo

DEN norske Bank, the troubled Norwegian bank, yesterday unveiled a three-fold increase in net losses, before extraordinary items, for 1991.

It also warned that non-performing loans would not show a rapid decline until the Norwegian economy improves.

Net losses for last year totalled Nkr4.32bn (\$679m). DnB said that operating profit, before tax and credit losses, was halved to Nkr1.27bn, against Nkr2.54bn in 1990. Credit losses swelled by Nkr1.77bn to Nkr5.58bn.

DnB said that the net volume of non-performing loans was Nkr8.58bn at the end of 1991 but that accumulated provisions for estimated losses totalled Nkr8.58bn.

"The adverse trend in the Norwegian economy in the last part of 1991 made it necessary to increase loan-loss provisions substantially," explained Mr Finn Hvistendahl, DnB president.

Mr Hvistendahl added that income on "healthy" loans was acceptable. Nevertheless, net interest income slipped to Nkr4.66bn from Nkr4.96bn in 1990.

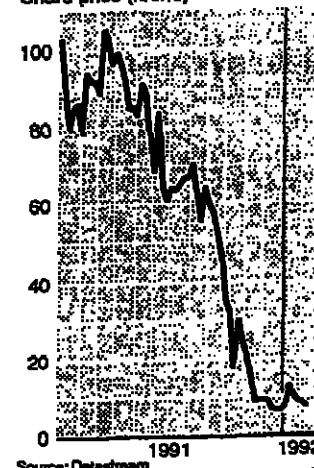
He declined to give a forecast for the development of the bank in 1992. Local analysts say there is unlikely to be any significant improvement this year.

One bright note is that DnB managed to reduce costs to Nkr4.95bn last year from Nkr5.59bn in 1990.

"Since 1988, costs have been pared by Nkr1.09bn, with staff reductions of 2,466 full-time positions. The bank is now considerably more cost efficient," Mr Hvistendahl said.

"The accounts show that income on healthy loans is acceptable," he said. The bank's income on trading in foreign exchange and treasury products as well as income generated in some of the bank's domestic subsidiaries is

DnB Share price (krone)



Source: Datastream

considered satisfactory as well, the group said.

The recent restructuring of the group's operations into separate divisions for private cus-

tomers and medium-sized corporate clients will contribute to improved profitability, Hvistendahl said.

In a complex deal orchestrated by the state, DnB's biggest shareholder, last December the bank acquired Realkredit, a financially-troubled mortgage group. Realkredit will be consolidated into the bank's accounts this year.

Realkredit yesterday announced 1991 net losses, before extraordinary items, of Nkr1.39bn from Nkr183.3m in 1990. Realkredit posted an operating loss, after credit losses, of Nkr762.7m, up from 1990's operating loss of Nkr496.3m. Credit losses rose by Nkr45m to Nkr624m. Realkredit explained that last year's figures were strongly influenced by restructuring costs - put at Nkr165m - and a continued fall in the value of a property values which forced it to write down significantly the value of its property portfolio.

## Océ rises 20% and lifts payout

By Ronald van de Krol in Amsterdam

OCE-van der Grinten, the Dutch photocopier and office equipment group, is to raise its dividend for the first time in seven years after posting a rise of nearly 20 per cent in 1991 net profit.

Net profit increased from F185.7m (\$46.3m) in 1990 to F100.9m last year, in line with the company's provisional January forecast of F101m. Océ, which described 1991 as an excellent year, said it would raise the dividend to F1.25 per share from F1.00, the level at which it had been held since 1985.

The company predicted that profit would show additional

growth in 1992, provided there was no further weakening in the investment climate. Océ's financial year runs from December to November. News of the higher dividend and profit forecast pushed Océ's shares up by F13.10, or 4.4 per cent, to close at a 12-month high of F173.50 on the Amsterdam Stock Exchange.

Group sales rose 11 per cent to F12.58bn, mainly due to the launch of updated products such as two high-volume copiers. The acquisition in August of Bruning, a US design engineering company, accounted for around 2 percentage points of the sales rise.

The Bruning acquisition has given Océ around 30 per cent of the design engineering market in the US. The Dutch company said it expected to reach the break-even point in the US during 1992.

Overall sales in the office systems sector rose by 15 per cent last year, outstripping a 6 per cent increase in design engineering. Océ noted that its design engineering activities faced weak economic conditions on most markets except Germany. It said its new "plain paper" copiers had largely compensated for the market shift away from "dialo" copiers.

stakeholders include banks, private investors and Philips, the Dutch electronics group, which holds 2 per cent. As part of the agreement, Elsevier has said that it will refrain from commercial broadcasting aimed at the Dutch market for the next three years, with the exception of regional and local broadcasting.

VNU and Elsevier hold their

## VNU to double stake in TV station

By Ronald van de Krol

VNU, the Dutch publishing group, is to double its holding in the Dutch-language commercial television station RTL4 by acquiring a 19 per cent stake held by fellow publisher Elsevier for F187m (\$47m).

The deal will give VNU a 38 per cent shareholding and make it the second largest shareholder in RTL4 after Luxembourg television group CLT, which owns 40 per cent. Other

shareholders include banks, private investors and Philips, the Dutch electronics group, which holds 2 per cent.

As part of the agreement, Elsevier has said that it will refrain from commercial broadcasting aimed at the Dutch market for the next three years, with the exception of regional and local broadcasting.

VNU and Elsevier hold their

stake in RTL4, currently the only Dutch commercial station, through a joint venture company, European Media Investors, which will now be owned solely by VNU.

Besides RTL4, which broadcasts to the Netherlands from Luxembourg to get around Dutch media laws, VNU also has an 11 per cent stake in Belgium's Flemish-language commercial station VTM.

## Svenska Handelsbanken tumbles 39%

By Robert Taylor

SVENSKA Handelsbanken, one of Sweden's leading commercial banks, suffered a 39 per cent drop in profits to SKr2.77bn (\$470m) for 1991, the bank announced yesterday.

The main cause for the setback has been the increase in credit losses which climbed to SKr3.18bn, or 1.1 per cent of loan volume, from SKr2.32m, or 0.3 per cent, in 1990.

The bank said that SKr55m of the losses stemmed from loans to the finance company Gamlestad.

Mr Arne Mortenson, chief executive, said he expected credit losses to be lower this year but he would not make a profit forecast for 1992.

The bank said that before taking account of credit losses there was a 15 per cent improvement in profits to SKr3.96bn. Total income was SKr11.5bn, a record figure which after interest was 30 per cent better than in 1990.

Despite reduced earnings, Handelsbanken is lifting its dividend to SKr4.75 per

share from SKr4.50 in 1990. Return on capital after deductions declined to 11.3 per cent from 22.2 per cent, but the bank pointed out that this was above the average for the Swedish banks. It added that the profit per share (after extraordinary items) fell to SKr9.90 from SKr19.22 in the previous year.

Postbank, Finland's post office bank, suffered a loss of FM135m (\$30.5m) last year compared with a FM35m profit in 1990. The main cause of the

deficit was the FM675m of credit losses, which amounted to 0.72 per cent of the bank's loan volume.

However, the bank's debt-equity ratio of 10.6 per cent was better than a year earlier.

The bank said Finland's deep recession would cast a shadow over its activities during this year. Although there were signs of an improvement, credit losses would continue to be exceptionally high in 1992, it added.

## Unidanmark hit by loss provisions

By Hilary Barnes in Copenhagen

THE Unidanmark banking group plunged even more heavily into loss last year after making substantial increases in loss provisions on building and property in the UK, the US and Denmark.

Net losses increased to DKr1.65bn (\$262m) from DKr1.09bn in 1990 after bad loss provisions increased to DKr5.4bn, against DKr3.5bn which was about 3.0 per cent of outstanding loans and guarantees.

The group's capital ratio was 10.4 per cent, but it was achieved partly by slimming the balance sheet by DKr16.4bn to DKr263.1bn. The bank plans to raise at least DKr1bn in supplementary loan capital through a bond issue next week.

Despite two years with substantial losses, the bank plans to pay an unchanged dividend of DKr10 a share. Mr Steen Rasmussen, chief executive, said the bank had

topped up provisions in the building and property sector, as well as on loans to the former Soviet Union (which are now fully covered by provisions) in order that the bank could be certain that provisions will now decline.

He said the bank performed well on its ordinary business, with profit-before-expenses rising by DKr1.42bn to DKr11.20bn. Expenses were also under control, rising by 2.5 per cent to DKr5.8bn.

## Norsk Hydro to sell Dutch unit

NORSK HYDRO, Norway's biggest listed company, is to sell its Dutch subsidiary, Noordzee, the subsidiary which holds all of the company's Dutch oil and gas exploration and production interests, writes Karen Fosell.

Hydro's move follows a decision taken earlier this year by Statoil, the Norwegian state oil company, to pull out of the Dutch North Sea sector. Norsk Hydro said that the sale in no way affects other activities in the Netherlands.

All these securities have been sold, this announcement appears as a matter of record only.

New Issue

11th February, 1992



ASIAN DEVELOPMENT BANK

Yen 50,000,000,000

5% per cent. Bonds due 2002

ISSUE PRICE 99.95 PER CENT.

Bank of Tokyo Capital Markets Group

Daiwa Europe Limited

LTCB International Limited

Deutsche Bank Capital Markets Limited

Nikko Europe Plc

Yamaichi International (Europe) Limited

ABN AMRO Bank N.V.

Lehman Brothers International

Mitsubishi Finance International plc

Morgan Stanley International

Salomon Brothers International Limited

UBS Phillips &amp; Drew Securities Limited

IBJ International Limited

Nomura International

Goldman Sachs International Limited

Norinchukin International plc

Dresdner Bank

Merrill Lynch International Limited

J.P. Morgan Securities Ltd.

Nippon Credit International Limited

Swiss Bank Corporation

S.G. Warburg Securities

## NOTICE TO THE HOLDERS OF WARRANTS

KEYIO CO., LTD.

(the "Company")

U.S. \$100,000,000

4 per cent. Guaranteed Notes 1995 with Warrants

(the "Warrants")

to subscribe for shares of common stock of the Company (the "Shares")

Pursuant to Clauses 3 and 4 of the Instrument dated 18th July, 1991, the following notice is hereby given.

At the meeting of the Board of Directors of the Company held on 23rd January, 1992, a resolution was adopted for the stock split, particulars of which are given below. Consequently, the Subscription Price of the Warrants shall be adjusted, as specifically provided in paragraph 2, below.

1. The stock split (free share distribution) will be made on 16th April, 1992 to shareholders of record as of 29th February, 1992 (Japan time), at a ratio of 1.1 Share for each Share held. The dividends for these new Shares will accrue as from 1st March, 1992.

2. Pursuant to Clause 3(i) of the Instrument, the Subscription Price will be adjusted from Yen 3,550.20 to Yen 3,227.50 per Share. The new Subscription Price will become effective on 1st March, 1992 (Japan time).

KEYIO CO., LTD.

By: The Mizuboshi Bank, Limited

London Branch

as the Principal Paying Agent

19th February, 1992



Christiania Bank og Kreditkasse

(Incorporated in the Kingdom of Norway with limited liability)

YEN 10,000,000,000 VARIABLE COUPON BONDS DUE 1993

Notice is hereby given that the interest payable on the relevant Interest Payment Date, February 24, 1992 for the period August 23, 1991 to February 24, 1992 against Coupon No. 6 in respect of Yen 1,000,000 nominal of the Notes will be Yen 32,481.

February 19, 1992, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

US \$200,000,000

BankAmerica Corporation

Floating Rate Notes

Due February 1997

For the period from February 18, 1992 to May 18, 1992 the Notes will carry an interest rate of 4 1/4% per annum with an interest amount of US \$270.24 per US \$500,000 principal amount of Notes payable on May 18, 1992.

Agent Bank: Security Pacific National Bank

London



European Investment Bank

ECU 500,000,000

Floating Rate Notes due 2002

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending 18th August, 1992 has been fixed at 9 1/4% per annum. The interest accruing for such six month period will be ECU 243.30 per ECU 5,000 Bearer Note, and ECU 4,865.97 per ECU 100,000 Bearer Note, on 18th August, 1992 against presentation of Coupon No. 1.

14th February, 1992.

Agent Bank: Union Bank of Switzerland

London Branch

Agent Bank

MEMBER SFA

FINANCIAL FUTURES AND FOREIGN EXCHANGE SERVICE

24 HOURS

CAL Futures Ltd

162 Queen Victoria Street

London, EC4A 3BS

Tel: 071-339 3030 Fax: 071-339 3018

## City of Copenhagen

ECU 75,000,000 8% 1987-1997 Bonds

In accordance with paragraph 11 of the Terms and Conditions of the Bonds, notice is hereby given to Bondholders that the nominal amount of ECU 12,500,000 redeemable on March 26, 1992 has been bought in the market.

Amount outstanding: ECU 62,500,000

Luxembourg, February 19, 1992



The Fiscal Agent KSL Luxembourg

## DAEWOO TELECOM

Notice to the holders of Daewoo Telecom Ltd.

(the "Company")

U.S. \$50,000,000

3 1/2 per cent. Convertible Bonds due 2006

(the "Bonds")

Pursuant to the Trust Deed dated 18th June, 1991 under which the Bonds were issued, notice is hereby given as follows:

As of 3rd January, 1992, being the Effective Date, the Bonds may lawfully be converted into common stocks of the Company under applicable Korean law. The conversion period in relation to the Bonds shall commence on the date of this notice.

19th February, 1992

Daewoo Tele-com Ltd.

## GOLD FIELDS

OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

(Registration No. 05/04181/06)

DECLARATION OF DIVIDEND (No. 88)

UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the standard conditions relating to the payment of dividend No. 88 declared on 21 January 1992, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R4.9507 South African currency to £1 (United Kingdom currency), this being the latest available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 17 February 1992, as advised by the Company's South African bankers.

The United Kingdom currency equivalent of the dividend (No. 88) of 20 cents per ordinary share is therefore 14.13841 pence per share.

By order of the Board

per pro GOLD FIELDS CORPORATE SERVICES LIMITED

London Secretaries

S.J. Dunning, Secretary

United Kingdom Registrar

Barclays Register

Bourne House

34 Bechenham Road

Beckenham, Kent, BR3 4TL

18 February 1992

A MEMBER OF THE GOLD FIELDS GROUP



## IBM adds to minicomputer line

It is thought to be the first time IBM has thrown away the price book for low-cost machines.

The UK market is thought to be IBM's toughest, and the company is taking the opportunity to test new marketing methods and pricing policies.

retail climate had been "difficult and unsettled", but said it was pleased with its progress in the light of that.

● The Limited, the fashion retailer and once one of the stars of the sector, reported an extremely modest 1.2 per cent improvement in full-year profits to February 1, of \$403.3m after tax.

cents, while net asset per share rose to NZ\$3.80 from NZ\$3.64.

Mr Peter Shirtcliffe, chairman, said that the company had no extraordinary items, but minority interests produced a bottom line of NZ\$290m, up 22 per cent on the same period of last year. Total shareholders funds rose 27.4 per cent to NZ\$746m, and current liabilities fell 37.9 per cent to NZ\$887m. Total assets fell 2.5 per cent to NZ\$4.6bn. Total shareholders funds rose 5.1 per cent to NZ\$2.7bn.

bank, Abu Dhabi Bank, Commercial banks, which had outstanding loans over Y500bn as of last September.

permitted without written consent.  
100.

Japan's housing loan companies were set up in the 1960s to finance housing and property

Japan's housing loan companies were set up in the 1960s to finance housing and property

bank, Abu Dhabi Bank, Commercial banks, which had outstanding loans over Y500bn as of last September.

Japan's housing loan companies were set up in the 1960s to finance housing and property

bank, Abu Dhabi Bank, Commercial banks, which had outstanding loans over Y500bn as of last September.

[illegible]







## UK COMPANY NEWS

## European plumbing awaits Wolseley touch

Angus Foster on the Midlands-based group's expansion plans after the Brossette buy

WHEN Wolseley, the Midlands-based heating and plumbing distributor, decided to investigate France, its two-man acquisition team prepared a short list of possible takeover candidates. Written beside Brossette, France's leading heating and plumbing supplier, was a single word: Bullseye.

Some 18 months later, and about six months after Brossette was put up for sale by the Brossette family, Wolseley is paying FF930m (£96m) for the French company. The acquisition, to be paid partly in shares, will push Wolseley's market capitalisation over £900m.

It is a tidy deal. Brossette and Wolseley both mainly supply trade customers in their respective markets. Both rely on service and have started to introduce branded products. They have also invested heavily in computer systems to improve distribution.

Analysts are divided as to whether the takeover will accelerate Wolseley's earnings in the short term. Pre-tax profits are expected to remain static at £90m in the year to end-July, but most agree Wolseley now has the opportunity to extend its leadership of the UK and US markets to France, and possibly further into Europe.

Expansion, and the new European focus, add extra chips when Wolseley bargains about costs with its suppliers. Mr Jeremy Lancaster, chairman, says: "We genuinely don't think this will do much to our earnings stream over the next two or three years. But if we were talking in ten years time, I don't see how this can fail to add to our value."

Mr Lancaster joined Wolseley in 1961, when the company was mainly involved in manufacturing. As central heating increased in popularity in the

1960s, Wolseley developed a branch network and became known as a specialist distributor of central heating supplies. In the 1970s it moved into plumbing distribution and built up the 211-branch Plumb Centre network. It has also moved into building distribution, through its 72-branch Builders Centre chain.

Wolseley then went to the US, acquiring the eighth largest building supplies distributor, Ferguson Enterprises, which is now number one. Mr Lancaster, who took over as chairman from his father in 1976, is dismissive of 1980s short-termism and points to his handwritten profit and loss accounts which detail the company's progress over the last 30 years. "If you have ideas above your station, you're dead in the water. This is not a fancy business," he says.

Wolseley's optimism for Europe is based on two premises. European markets for plumbing and heating supplies will become more integrated and Wolseley's takeover strategy, successful in the US, can be repeated in a non-English speaking environment.

Wolseley launched its European ambitions about three years ago, before recession hit earnings in the UK and US. During the 1980s it was faced with a maturing UK market. Yet its US acquisitions, Ferguson and Familian, were adding branches and increasing turnover by more than 15 per cent annually.

"The UK is too small compared to the US. One of the attractions of Europe is that we now have the prospect of strongly growing our US side year on year, while Europe is growing too," Mr Lancaster says.

Wolseley also needed to respond to moves among its suppliers. Companies like Blue Circle, Pilkington and Steeley



Jeremy Lancaster: This is not a fancy business

were already in continental Europe, or preparing European strategies. Wolseley wanted to move in tandem with these suppliers so it could remain on the same footing.

Brossette is a well established company, with 176 branches throughout France. It is expected to announce pre-tax profits of at least FF100.4m for 1991, compared with the £40m operating profits made by Wolseley's UK distribution business.

The takeover will mirror Wolseley's US acquisitions. A

senior manager will join Brossette as Wolseley's contact man, but the French company will remain largely independent.

Mr Pierre Brossette is staying on as president, at least for the next few years. "We've made it very clear to the French we will never put an English guy in to run them," Mr Lancaster says.

"There will be some changes as the companies become familiar with each other's operations. Brossette is weak around Paris and a new Bel-

gian operation may be developed further.

"They have expanded very rapidly in the last three or four years and they haven't yet got that sorted out, so I hope we can help them there."

Europe's markets for heating and plumbing supplies are diverse. Companies like Wolseley and Brossette have built leading positions in the UK and France, but the German and Spanish markets are more localised.

Although suppliers are thinking about the unified European market, there is still little cross-over among suppliers even for France and the UK. And standards on heating and plumbing equipment are not yet standardised.

As these markets become more integrated during the next 10 years, costs should come down and companies which depend on efficient distribution and service will be able to penetrate the more localised markets.

Lower costs will help lift Brossette's margins, which at 4 per cent fall below the 7 to 10 per cent Wolseley generates in the UK. The main reason for the difference is France's higher labour costs. Mr Lancaster hopes Brossette's margins will increase to about 6 per cent. But he admits this will take several years.

Wolseley's wider European strategy remains undecided. The company will obviously concentrate on Brossette in the immediate future before looking further afield. Brossette has already investigated opportunities in Spain.

"Spain is a more fragmented market as more business is done direct with the manufacturer. But specialisation will come because it is the best way to manage a market. As places like Spain develop, I think we can be the pioneers," Mr Lancaster says.

## NEWS DIGEST

## Plant hire behind fall at Ashtead

ASHTHEAD GROUP, the equipment rental combine, saw pre-tax profit slide by £1m to £1.5m in the half year to October 31, the whole reduction being attributable to the UK plant hire side.

However, the group finished the period with a strong balance sheet. Gearing was halved to 42 per cent. Net cash flow, excluding the rights issue, was £3.6m.

Mr Peter Lewis, chairman, said operating profit in UK plant hire fell from £2.93m to £1.53m, but despite the harsh UK environment the board had not adopted a "siege mentality".

More than £2m had been spent on plant additions and replacements and £1.8m on parts and spares, which will enable the group to take advantage of opportunities when the recession ends.

Operating profit in US plant rental rose to £164,000 (£149,000), in UK survey and inspection rental to £391,000 (£361,000), and in Middle and Far East survey and inspection rental to £51,000 (£42,000). Turnover fell to £15.9m (£17.3m). Earnings per share were 4.5p (5.3p) and the interim dividend is again 1.1p on increased capital.

## Shipping downturn cuts Norex to £2.5m

The depressed state of the shipping and business travel markets affected performance at Norex, which turned in reduced pre-tax profits of £2.52m for the six months to December, down from £3.56m.

The sale of Norgulf Shipping earlier in the year had a strong impact on turnover, which declined from £17.3m to £14.67m, and the results were further affected by a write-down in the value of small vessels.

The insurance division, however, was ahead of last year

despite the sale in May of the Australian subsidiary. Earnings per share came out at 6.09p (14.67p).

## Howard £211,000 in the red

Continuing depressed conditions in the construction industry, with particular reference to housebuilding and plant hire, led to Howard Holdings turning in a pre-tax loss of £211,000 for the half year to October 31.

That came from turnover of £2.71m and compared with a profit of £155,000 on sales of £3.84m last year. The success in reducing borrowings was reflected in interest charges down from £304,000 to £271,000.

Losses per share were 0.89p (earnings 0.47p).

## Scottish Eastern net assets ahead 23%

Net asset value of the Martin Currie-managed Scottish Eastern Investment Trust jumped 23 per cent over the 12 months to January 31.

Taking prior charges at par, the improvement - from 56.5p to 69.5p - compared with a rise over the same period of 19.5 per cent in the FT-A All-Share Index.

Earnings per share were unchanged at 1.41p from attributable revenue of £8.94m (£8.58m). A proposed final dividend of 0.56p brings the total for the year to 1.42p (1.35p).

## Net assets advance 7.7% at Temple Bar

Taking prior charges at par, the net asset value of the Temple Bar Investment Trust stood at 269.81p, an advance of 7.7 per cent over the 1991 year. The FT-A All-Share Index

rose by some 15 per cent over the same period.

Net revenue showed little change at £3.23m for maintained basic earnings of 14.29p per share. A recommended final distribution of 1.5p lifts the total from 11.9p to 13p.

## TR Pacific net asset value at 79.9p

A broadly-based recovery on Pacific stock exchanges following the end of the Gulf war enabled net asset value at TR Pacific Investment Trust to increase from 66.2p to 79.9p over the 1991 year.

However, recessionary forces prevented the upturn from being sustained and most markets weakened in the second half. The interim net asset value was 82.7p.

A low level of borrowings resulting in a fall to £150,000 (£449,000) in interest payable and a reduction in other expenses, particularly bank charges, were behind an increase from £354,000 to £398,000 in net revenue.

Earnings per share were 1.039p (0.528p). The proposed single dividend is maintained at 0.25p with an additional special distribution of 0.45p.

## Primadona net asset value at 175.5p

Primadona, an investment trust, reported a net asset value of 175.51p per share as at December 31.

The figure represented a 14 per cent rise on the 153.58p standing at the same stage of 1990, but only a modest improvement on the 172.5p at the trust's year-end in June.

Net revenue for the six months declined to £86,622 (£223,299) for earnings of 1.92p (4.94p) per share. The interim dividend, however, is maintained at 2p.

## COMPANY NEWS IN BRIEF

ADAM & HARVEY Group is to take over the selling and servicing of Fendt tractors in the UK.

BLUE CIRCLE Industries has bought a 49 per cent stake in Norsk Cement Import, a joint venture with Selvaag Group, a Norwegian housebuilder, for Nkr14m (£1.3m). It has also acquired Siml, an Italian sanitaryware maker, for L6.1bn (£2.8m).

CHARTER CONSOLIDATED has acquired Penn Machine, a US mining equipment supplier, for \$10m.

HLTC SPORTS: The recent rights issue of 7.14m new ordinary shares was accepted in respect of 7.04m shares (98.63 per cent).

JOHNSTON GROUP is buying certain assets of FMC's sweeper division, based in California, for about \$5.5m (£3.25m). The division makes

mechanical road sweepers. NORTHUMBIAN WATER Group has signed an agreement with Obrascin, a Spanish construction company, to form a joint-venture company to be known as Obrascin-Northumbrian. The new company will target potential municipal contracts for water and sewage systems. Equity will be split 60:40 in Obrascin's favour.

PORTSMOUTH & SUNDERLAND Newspapers has sold its entire holding of 300,000 ord in Reuters Holdings, raising some £3.3m before expenses.

SIERRA is to spend £3m to expand the production capacity of its Japanese operations near Tokyo. The new facility will add 20 per cent to existing capacity of environmental controls production.

ST QUENTIN Property Finance has signed a co-operation agreement with Wurttemberg Hypo Bank which will enable the German bank to establish a commercial mortgage book in the UK. Most of the bank's current £1.5m mortgage book is in Germany but, through St Quintin, it plans to lend some £80m in the UK market during 1992.

TRANSFER TECHNOLOGY Group and Yamato Scale Company of Japan have formed a joint venture company called Yamato Lock Inspection Systems (YLIS). Yamato will have the right to buy up to 50 per cent of YLIS, which is currently wholly-owned by Transfec and which has assumed the majority of assets of Lock International, Transfec's former subsidiary.

YOUNG GROUP: Shares temporarily suspended at 96p pending an announcement.

## Tight capital. Shrinking resources. Growing competition. What a great business climate.

Don't misunderstand us. We're no happier about the economic environment than the next company. But at Honeywell, this decade is opening up unique opportunities that position us for continued growth

creating less waste. More profit.

In turn, less energy and materials waste means customers can more easily (read less expensively) meet increasingly stringent environmental laws. Not the

industry and aviation. Here and in 90 countries on six continents. It's this broad-ranging geographic and market presence that inherently adds to our ability to weather economic cycles.



all the way to the year 2000.

Honeywell's business is controls. Sophisticated ones. Controls that perform thousands of jobs that are too fast, precise, remote, boring, labor-intensive or dangerous for people to do.

And that, it turns out, also helps our customers cope in a tough economy. By making the most of what they have in capital, resources and personnel.

So as energy prices increase, our customers can keep their costs under control. Sometimes they're even reduced. And as raw materials become more valuable, our controls help factories and plants make more efficient use of them,

least of which are the new rules in the U.S. Clean Air Act.

There are other benefits as well. Like how our controls keep people safer and make them more efficient and comfortable.

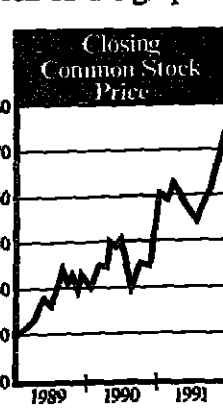
Where has all this taken us so far?

To the enviable market position as the global controls leader. Honeywell controls are in 60 million American homes and 40 million in Europe. Our avionics equipment is on virtually every aircraft in the western world. And we have the largest installed base of distributed industrial process control in the world.

One thing more. We supply and service control systems for homes, buildings,

That's one reason our stock price has gained value steadily every year since 1989. (Not coincidentally, that's when we refocused our efforts on the controls business.) See for yourself on the graph.

Better yet, write us for complete information today. Honeywell Investor Relations, Honeywell Europe, Ave. du Bourget, 3, 1140 Brussels, Belgium. Or give us a call, (322) 728-22-76.



**Honeywell**

Helping You Control Your World

NOTICE to the holders of US \$35,000,000 6 3/4 per cent. Convertible Guaranteed Bonds 1992 of INCHCAPE (BERMUDA) LIMITED

Expiry of Conversion Right on 18th March, 1992

Modification to the Trust Deed

Inchcape (Bermuda) Limited (the "Company") hereby gives notice, pursuant to Clause 15(2)(c) of the Trust Deed relating to the above mentioned Bonds, of the expiry of the Conversion Right of Bondholders on 18th March, 1992. The Conversion Right is exercisable at the Conversion Price referred to below. Unless previously redeemed, purchased or converted, the Bonds will be redeemed on 18th April, 1992 at 100 per cent. of their principal amount, together with accrued interest and such premium and additional amounts (if any) as may be payable under the terms and conditions thereof.

A wholly owned subsidiary of Inchcape plc (the "Guarantor") has entered into a conditional agreement (the "Acquisition Agreement") to purchase the entire issued share capital of IEP (Automotive) Limited (the "Acquisition"). The expected date for completion of the Acquisition is 2nd March, 1992. To finance the Acquisition, the Guarantor has issued units of non-interest bearing convertible unsecured loan stock (the "Stock Units") by way of rights. The number of shares into which the Stock Units will convert is dependent upon whether the Acquisition proceeds to completion and it is not therefore possible at the date of this announcement to calculate the adjustment to the Conversion Price resulting from the rights issue of Stock Units prior to completion or termination of the Acquisition Agreement.

The terms of Condition 5(3) of the Bonds have been amended pursuant to Clause 22(a) of the Trust Deed, with effect from 10th December, 1991, by the addition of a new Condition 5(3)(G) which provides as follows:-

"The Conversion Price is subject to adjustment if and whenever the Guarantor shall issue wholly for cash any securities ("Securities") which by their terms are convertible into or exchangeable for shares to be issued by the Guarantor in circumstances such that the rate or price of such conversion or exchange is dependent upon the occurrence of a contingency. Any such adjustment to the Conversion Price shall be made on the basis that the said contingency will not occur (but otherwise in accordance with the provisions of Condition 5(3)(A) to (F)) and the Guarantor shall undertake to the Trustee that if the said contingency should occur, the Guarantor shall issue to the holders of Bonds converted subsequently to the date of issue of the Securities such number of Shares as (in the case of Bonds converted prior to the occurrence of the said contingency, together with the Shares of the Guarantor issued on conversion) equals the number of Shares of the Guarantor that would have been issued to the holders of such Bonds had the Conversion Price been adjusted on the basis that the said contingency had occurred. Where additional Shares are allotted in respect of an earlier conversion pursuant to this paragraph, such Shares will be registered as of the Conversion Date for such earlier conversion."

Pursuant to Condition 5(3)(G) (as set out above) an adjustment has been made to the Conversion Price on the basis that the Acquisition does not proceed to completion, and the Guarantor hereby gives notice that the Conversion Price, with effect from 10th December, 1991 is 93p. In the event that, as expected, the Acquisition does proceed to completion, the Guarantor has undertaken to the Trustee to procure that there shall be issued to converting Bondholders, or in accordance with the instructions contained in the notice of conversion, an additional 13 shares per Bond converted, being the additional number of Ordinary Shares to which the Bondholders would have been entitled on conversion had the adjustment to the Conversion Price been made on the basis that the Acquisition had completed.

19th February, 1992

Inchcape (Bermuda) Limited  
Inchcape plc

Schedule of Conversion and Paying Agents

PAYING AGENTS

Principal Paying Agent  
Standard Chartered Bank Limited  
36 Boulevard  
London EC2N 4AH

Paying Agents

Morgan Guaranty Trust  
Company of New York  
23 Wall Street  
New York  
N.Y. 10015

Barque Générale de Luxembourg S.A.  
14 Rue Aléxandre  
Luxembourg

Standard Chartered Bank A.G.  
Bühlweg 62  
CH-8002 Zurich

Morgan Guaranty Trust  
Company of New York  
Bockenheimer Landstrasse 6  
Frankfurt-am-Main

Morgan Guaranty Trust  
Company of New York  
Avenue des Arts 35  
Belgium 1040

CONVERSION AGENTS

Principal Conversion Agent  
Standard Chartered Bank Limited  
36 Boulevard  
London EC2N 4AH

Conversion Agent  
International Westminster Bank Limited  
Treasury 214  
B-1000 Brussels

This notice is issued by Inchcape (Bermuda) Limited and Inchcape plc and has been approved by Baring Brothers & Co., Limited for the purposes of section 57 of the Financial Services Act 1986. Baring Brothers & Co., Limited is a member of the Securities and Futures Authority and is the financial adviser to Inchcape plc.



## UK COMPANY NEWS

## Banks continue to support Lovell

By Andrew Taylor, Construction Correspondent

YJ LOVELL Holdings, the UK housebuilder and property developer, yesterday announced that its bankers had agreed to continue to give financial support to the group.

The group warned in December that it was in breach of loan covenants affecting net worth and interest cover and that it was having talks with its banks over the future of its borrowing facilities.

Mr Robert Sellier, chief executive, said yesterday that the banks, led by Barclays, had agreed to maintain loan arrangements in return for security against the bulk of

Lovell's land bank and other assets.

Mr Sellier said that the banks had conducted a full financial appraisal and had been satisfied that there "were no black holes". The banks would look at the position again in 12 months time.

"They have been very fair and we are under no pressure to make disposals although our main intention will be to reduce borrowings," said Mr Sellier.

Net debt at the end of last September, including about 240m off-balance sheet borrowings, totalled £111.4m compared with shareholders funds of about £70m.

"Our intention is to reduce gearing to 50 per cent. Obviously we will not be able to achieve that target in the current year, although debts are coming down," said Mr Sellier.

The group incurred a pre-tax loss of £30.3m in the year to September 30 compared with a profit of £19.4m in the previous 12 months. The latest figures included provision of £61.5m against housebuilding and property operations.

The group said in December when it announced the loss that it would be unable to pay a final dividend. Last April, when launching a £31m rights issue, it had promised to maintain the dividend.

Mr Sellier said yesterday that there had been an increase in interest from potential house purchasers since the beginning of this year but that it was too early to say whether this marked the beginning of a recovery in the UK housing market.

Lovell's share price, following the announcement of a new agreement with the banks, yesterday rose 4p to 25p, compared with last year's rights issue price of 130p.

## GPG takes 16% stake in Australian Consolidated

By Kevin Brown in Sydney

GPG, the London-based investment company managed by Sir Ron Brinkley, the New Zealand entrepreneur, yesterday said it had acquired just over 16 per cent of the shares of Australian Consolidated Investments.

The announcement fuelled speculation that GPG would bid for ACI, which owns 50 per cent of National Breweries Holdings, formerly the brewing arm of Mr Alan Bond's Bond Corporation Holdings.

ACI also owns 99 per cent of Weeks Petroleum, an Australian oil company which has royalty rights over oil produced by Broken Hill Proprietary from the Bass Strait, off Australia's south coast.

However, ACI is in the process of selling its share in National Breweries to Lion Nathan, the New Zealand brewer which owns the remaining 50 per cent. Weeks has also announced plans to float its Bass Strait royalty rights to raise A\$220m (£94.2m).

Analysts said GPG might seek to prevent ACI disposing of its two principal assets by bidding for the group, which is capitalised at about A\$130m. ACI has also attracted interest from Nyrac, a US oil company which has said it expects to acquire an interest in ACI's subsidiary, Gulf Resources and Chemical Corporation, a Nyrac subsidiary, said recently that it had tried to acquire an interest in Weeks' Bass Strait royalties.

ACI, formerly Bell Resources, was once a listed vehicle for Mr Robert Holmes a Court, the entrepreneur who died in 1990.

## ICI to cease production of CFCs in the UK

By Ronald van de Krol in Amsterdam

ICI, the chemicals group, is to phase out production of the two main ozone-depleting chlorofluorocarbons (CFCs) in 1993 and buy in supplies from Akzo of the Netherlands to satisfy rapidly declining demand.

ICI had agreed with ICI that the two companies would concentrate their European production of CFCs 11 and 12 at the Dutch company's plant in Weert, near Maastricht.

The agreement, already approved by the UK and Dutch authorities, has been submitted to the European Commission in Brussels for approval. It marks the first time that two European companies have set up a "community of production" as envisaged by the Montreal Protocol, which calls for worldwide industrial rationalisation as a means of reducing CFC production.

In 1993, ICI will halt production of CFCs 11 and 12 at its plant in Runcorn, Cheshire, where it also produces CFC alternatives. ICI said it hoped the effect on employment would be neutral because of the launch of production of alternative substances.

The Runcorn site is ICI's only wholly-owned CFC plant. Besides its Weert factory, Akzo also has a small plant in Australia.

Permission from the EC is required because the concentration of the two group's European CFC production in the Netherlands will lead to a temporary rise in output in Weert. This will fall as demand for CFCs declines.

## Head of Amstrad's French connection calls it a day

By Alan Cane

AMSTRAD, the UK-based consumer electronics group which slipped into the red for the first time last year through the recession and the hiatus in the personal computer market, suffers a fresh blow today with the departure of Mrs Marion Vannier, head of the group's French company.

Mrs Vannier, now 42 and one of the most trusted associates of Mr Alan Sugar, Amstrad's chairman, resigned as president-director general of the French subsidiary and from the board of Amstrad late last week.

She had run Amstrad France for 10 years and had been established as one of France's best known businesswomen. Until recently, Amstrad France was the UK electronics concern's most important overseas subsidiary.

In the year to June 1991 the French offshoot contributed 55.5m to Amstrad's worldwide revenues of £523m. Germany, buoyed by satellite dish sales, contributed 29.6m and has now overtaken France as the most significant overseas subsidiary.

In the first six months of the current year, the group as a whole incurred a loss of £15.1m on sales of £196.1m.

Mrs Vannier said yesterday that she had not yet decided her next move but it was cer-



Marion Vannier: an impeccable track record

tain that she would remain in business. "It is what I know how to do best."

Her track record is impeccable. After moving in three years from junior assistant to sales director of a French electrical distributor, she established Amstrad France in 1982, building the business virtually singlehandedly.

The split with the company seems amicable on the surface with the Amstrad board paying tribute to her years of loyal service. But it is clear that the fiercely independent Mrs Vannier misses the free-

dom and excitement of the company's early days when she ran the French operation from a tiny office above a *bonjour* on Servais main road and when Mr Sugar allowed her *laissez faire* in almost every aspect of company policy.

She said yesterday: "I built the company up from nothing and I have given it my best. Now the rules have changed and the management is different. Decision making is becoming centralised in the UK."

Furthermore, many of Amstrad's new products - satellite dishes, for example - are not suited to the French market.

Games computers, an area from which Amstrad is withdrawing, were particularly strong in the French market. Divorced with a young family, Mrs Vannier sold her 500,000 Amstrad shares last year at 40p a share to cover, the company said, personal expenses.

During 1991 Mr Sugar appointed Mr Bernard Steiner, formerly of Sansul Electronics, to take charge of sales and marketing in mainland Europe and Australia. Mr Steiner has now formally taken responsibility for managing Amstrad France.

## Maxwell lawyers risk clash with MPs

By Ralph Atkins

LAWYERS acting for Mr Kevin Maxwell and his brother Ian have risked a confrontation with MPs by refusing again to answer questions sent by the Commons' committee investigating the raiding of Maxwell companies' pension funds.

In a letter sent to the social security committee, lawyers for the brothers have refused to allow even written responses to the MPs' questionnaire - in spite of indications that they might.

Their decision could prompt MPs to call for a full Commons debate on the Maxwells' apparent defiance of Parliament's

authority - although many MPs may be anxious to avoid political rows so close to the general election.

Last month, when the brothers appeared before the committee, their lawyers said they had a "precious constitutional right and a historic one" to remain silent.

The committee is trying to prevent the further abuse of pension funds. But the Maxwells' lawyers have repeatedly referred to the possibility of their clients facing legal action and similar arguments are believed to have been used in their letter to the committee.

Trustees of all the Maxwell pension funds, including the Maxwell brothers, were given two weeks to reply to 70 questions on the Maxwell pension fund raids by the cross-party committee.

The questionnaire asked how much was missing from each pension fund, when the trustees became aware it had gone, and how it disappeared. Trustees were also asked if they were party to the signing of any transfer of funds.

About 50 questionnaires were sent by the MPs. Most have now replied and their answers are expected to be

published by the Commons shortly.

The committee, chaired by Mr Frank Field, the Labour MP for Birkenhead, will meet soon to decide its response to the Maxwells' continuing refusal to answer questions and whether to recommend further action.

The Maxwells' lawyers had previously indicated that written answers to the MPs' questions may be possible. But they suggested guarantees would be required to ensure that the information would not be made public until the risk of prejudicing any trial had passed.

## Accountants knew of fund manager deficiencies

By Norma Cohen, Investments Correspondent

ACCOUNTANTS to Bishopsgate Investment Management, the pension fund manager owned by Mr Robert Maxwell, found serious control weaknesses and deficiencies as early as February 1991. These included the absence of controls on stock lending and the failure to record investments in the name of the pension fund.

In testimony before the Parliamentary Select Committee on Social Security, officials at Coopers & Lybrand Deloitte said that despite the deficiencies, they saw no need to qualify the accounts for BIM nor did they feel it was their responsibility to report the shortcomings to regulators or to the fund's trustees individually. Copies of their management report were sent solely to the pension fund manager.

In a copy of a February 1991 management letter submitted to the Select Committee, Coopers & Lybrand Deloitte detailed a number of serious shortcomings in the way BIM managed the Maxwell

company pension funds.

They included an absence of regular review of fees generated by stock lending activities and the failure to ensure that stock lent had proper collateral. The accountants recommended that BIM document its stock lending activities and regularly review the value of collateral.

They also found that shares bought by the pension funds from two other Maxwell-owned companies, Maxwell Communication Corporation and Pergamon Media Trust, remained in the name of their former owners.

Further findings of the accountants included the inability to locate supporting documents for a number of payments and that the terms of an agreement with IBI Holding Company, a Maxwell-related company, were verbally changed after its signing. The investment administration and accounting departments were not informed of the change.

Separately, Mr David Shaw MP said that the Mirror Group Newspapers Pension Fund appeared to have no minutes of meetings of its investment committee at which decisions about stock lending or self-investment should have been discussed. He noted that minutes of one meeting on September 2 1991, showed that Mr Robert Maxwell discussed sending a letter to Invesco MIM, fund manager for a portion of the pension fund, reassuring the company about stock lending activities.

On the subject of self-investment, Mr Ian Pittaway, solicitor to the MGN pension scheme, said that he periodically reminded the trustees of the Occupational Pensions Board's recommendation that self-investment should not exceed 10 per cent of total investments.

By April 1990, more than half the MGN pension fund's 30 largest investments were in some way connected to Mr Robert Maxwell or his private interests.

## Glaxo asthma drugs cleared

By Daniel Green

BETA AGONISTS, a class of asthma drugs attacked last year for possible deadly side effects, were yesterday given a clean bill of health by the UK Committee on Safety and Health of Medicines.

The news gave Glaxo a boost ahead of its interim figures tomorrow - the company dominates UK sales of beta agonists with its products Ventolin and Serenid. Glaxo's shares rose 8p to 84p.

Other companies selling them include Schering Plough of the US, Ciba-Geigy of Switzerland and Astra of Sweden.

The CSM report runs counter to evidence revealed in Canadian studies last year which seemed to link the use of beta agonists with the deaths of some asthma sufferers.

The controversy is likely to be revived shortly when the latest set of results from the Canadian studies are published. Doctors expect them to repeat the findings first published last year.

The CSM report says "the evidence does not suggest that the use of beta agonists is associated with asthma mortality". It found that the death rate per 100,000 people from asthma was the same as 10 years ago, despite a tripling of the number of prescriptions in that time.

It nevertheless recommends changes in the wording on the data sheets which doctors use when prescribing drugs. "Patients should be warned against repeatedly increasing the prescribed dose of a beta agonist without medical

advice," it says.

Allen & Hanbury, a Glaxo subsidiary, said it would examine its data sheets "to ensure consistency with the CSM's recommendations".

Dr Michael Rudolph, of Basing Hospital, London, a member of the International Asthma Council, a newly formed group concerned about possible dangers of the class of drugs, said yesterday: "Many people feel that beta agonists have been useful, but patients can over-use their medication."

In 1989 the National Health Service spent £217m, or 8 per cent of its drugs budget, on treatments for the country's 3m asthmatics. The US Food and Drug Administration is still evaluating the class of drugs in the light of the Canadian and other studies.

## £3.3m rights and 11% rise at Porvair

By Jane Fuller

PORVAIR, the maker of microprocessor plastics for footwear, textiles and industrial products, yesterday launched a £3.3m rights issue alongside announcements of a profits increase and a move to the main market.

The 1-for-4 issue of 3.1m shares at 115p apiece is the group's first since it returned to the USM in 1988 after a six-year absence. The share price yesterday fell 5p to 136p.

Mr John Morgan - chairman and chief executive, who was part of the buy-out team 10 years ago - said proceeds

would be used for joint ventures in the Far East involving the textile product Porcelle. The money would also be used for acquisitions to expand the industrial products division.

Pre-tax profit increased by 11 per cent to £1.68m (£1.51m) on turnover of £16.7m (£15.5m) in the year to November 30. Production from the UK recession was derived from the 89 per cent of sales exported, although sales to engineering companies and equipment makers were adversely affected.

Earnings per share fell to

10.9p (11.6p) as the tax rate went up from 7 per cent to 11 per cent. Mr Morgan said it would be nearer 30 per cent this year. The final dividend is 2.2p for a total of 3.2p (3p).

Gearing rose slightly to about 35 per cent of £9.9m shareholders' funds. Cash of nearly £400,000 was absorbed after £1.5m of capital spending. Of the move to the main market he said: "We might look like schoolboys wanting to play in the World Cup, but it's providing a foundation for growth." Dealings should start tomorrow.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Ambrose	1.11	Apr 6	1.1	4.125	3
Porvair	2.2	Apr 10	2.2	3.3	3
Primos	2	Mar 13	2	4.5	4.5
Scottish Eastern	0.98	Apr 28	0.92	1.42	1.35
Temple Bar	8.5	Mar 31	7.8	13	11.9
TR Pacific	0.71	Apr 23	0.25	0.7	0.25

Dividends shown pence per share net except where otherwise stated. \*On capital increased by rights and/or acquisition issues. \$USM stock. Includes special 0.45.

## BOARD MEETINGS

TODAY	
Interim: Alstom, Baring High Income Inv Trust, Jos Hilda, New Zealand Inv Trust, Pleske, British Aerospace, Lloyds, Wren, Lloyds, Lloyds, Lloyds	
FUTURE DATES	
Interim: Arday	Feb. 29
HN & Smith	Jul. 23
Smith New Court	Feb. 28
Pleske	Mar. 27
Anglian Water	Jan. 4
Breder Properties	Mar. 24
County Smiles	Mar. 24
Grange & Co's Inv	Feb. 21
Grangebrook Electronics	Feb. 21
English & Overseas Props	Feb. 21
Forrest & Co's Inv	Feb. 21
Grovenor Dev Capital	Feb. 28
Kierulff	Feb. 28
Lionheart	Feb. 28
Morley Dicks & Harbour	Feb. 28

## Clydesdale Bank

## HOUSE MORTGAGE RATE

Clydesdale Bank PLC announces that its House Mortgage Rate is being reduced to 10.95% per annum

For new loans the rate will apply with immediate effect and for existing loans the rate will be effective from 1st April 1992.

This advertisement is issued by Hill Samuel Bank Limited, a member of The Securities and Futures Authority, in accordance with the regulations of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange"). It does not constitute an invitation or offer to any person to subscribe for or purchase any securities in Porvair plc (the "Company").

## Porvair plc

(Registered in England No. 1661935)  
1 for 4 Rights Issue  
of 3,094,249 New Ordinary shares of 2p each  
at 115p per share  
Introduction to the Official List

SHARE CAPITAL	
Authorized	Issued and fully paid
No.	Amount
£10,000,000	£10,000,000
33,500,000	12,234,945

Porvair plc manufactures and markets microprocessor plastic materials to a wide range of industries. Listing Particulars relating to the Company will be available from the Company's Public Relations Officer, 100 Strand, London EC2A 4PH from 10.00am on 19th February 1992. Copies of Listing Particulars may be obtained from the Company or by telephoning 020 7460 1000. The Company will be open for enquiries on weekdays (Saturdays and Sundays) and the Company may be contacted during normal business hours on weekdays (Saturdays and Sundays) and the Company may be contacted during normal business hours on weekdays (Saturdays and Sundays) and the Company may be contacted during normal business hours on weekdays (Saturdays and Sundays).

Hill Samuel Bank Limited, 100 Strand, London EC2A 4PH. Porvair plc, 100 Strand, London EC2A 4PH. Standard Chartered Bank, 100 Strand, London EC2A 4PH. The Royal Bank of Scotland, 100 Strand, London EC2A 4PH.

19th February 1992

## INDEXIA

Technical Analysis and Traded Options Software  
From as little as £25 up to £985  
For more details contact Roger Rogers (0922) 220140 or FAX (0922) 220140



## FT LAW REPORTS

## Damages claim is validly assigned

LINDEN GARDEN TRUST LTD v LENEESTA SLUDGE DISPOSALS LTD AND OTHERS

ST MARTINS PROPERTY CORPORATION LTD AND ANOTHER v SIR ROBERT MCALPINE & SONS LTD  
Court of Appeal  
(Lord Justice Nourse,  
Lord Justice Staughton  
and Sir Michael Kerr)  
February 13 1992

A PROHIBITION on assignment by an employer of "this contract" without the contractor's consent under the JCT form of building contract invalidates assignment of the benefit of the contract without consent, but does not prevent assignment of non-personal rights arising under the contract, including accrued rights to substantial damages for defective work.

The assignee can therefore claim for causes of action arising before assignment, including those in respect of which the assignee himself suffered loss after assignment, irrespective of whether the assignor transferred his proprietary interest in the premises before assigning his rights under the contract.

But if the assignment is ineffective in that no assignable rights have accrued by assignment date, the assignor is entitled to damages against the contractor for loss incurred by the need to indemnify the assignee for expenses paid in respect of the contractor's breach.

The Court of Appeal so held when allowing consecutive appeals from decisions by Judge John Lloyd QC and Judge Bowsher QC respectively, on preliminary issues in actions by Linden Garden Trust Ltd against building contractors Leneesta Sludge Disposals Ltd, McLaughlin & Harvey plc and Ashwell Construction Co Ltd, and by St Martins Property Corporation Ltd against contractors Sir Robert McAlpine & Sons Ltd. An appeal by the second plaintiffs in the second action, St Martins Property Investments Ltd, was dismissed.

LORD JUSTICE STAUGHTON said that in both the Linden and the St Martins cases, building works were carried out under a contract with somebody who had a proprietary interest in the building when the contract was made.

The employers transferred their interest in the building to others, and also purported to assign the building contracts.

The contracts, on Joint Contracts Tribunal (JCT) forms, contained a term in clause 17 that the employers would not assign "this contract" without the contractor's consent. Consent was never obtained.

In the Linden case only Linden as assignee sued. In the St Martins case both the assignors (Corporation) and the assignee (Investments) sued.

In both cases preliminary issues were tried. In the Linden case Judge John Lloyd QC held that Linden as assignee was entitled to recover damages for loss incurred by the assignors prior to assignment, but not for loss incurred by Linden subsequent to assignment.

In the St Martins case Judge Bowsher QC held there was no valid assignment of the benefit of the contract; and that neither the assignor nor assignee had a valid claim for damages, other than nominal damages.

The plaintiffs in both cases appealed.

It was necessary to distinguish between novation, assignment and sub-contracting. (a) Novation was the process by which a contract between A and B was transferred into a contract between A and C. It could only be achieved by agreement between all three. (b) Assignment was the transfer from B to C of the benefit of obligations A owed to B. (c) Subcontracting had been called vicarious performance without consent, but did not prohibit assignment by the employers of the benefit of the contract, or part of it.

Where a plaintiff's initial loss had been caused by vicarious performance, but there were exceptions. In the case of damage to a building which was later sold, there was no rule of law that the damages must necessarily be nominal.

In the Linden case the assignors had an accrued cause of action against contractors for £23,205 by assignment date on January 14 1987. That claim was validly assigned. Further breaches were later discovered.

giving rise to £236,000 loss. The assignors acquired a cause of action for those defects dating from 1980 and 1985.

After assignment Linden became entitled to enforce the claim. It was immaterial that it subsequently incurred the expense of remedial work.

In the St Martins case, on March 28 1978, when Corporation executed an assignment in favour of Investments, there was no existing cause of action. Corporation, by the assignment, transferred to Investments the contractual right to have the building properly constructed. Investments could sue for breach.

On the hypothesis that Investments' claim failed, it seemed to have been fairly within the contractors' contemplation that if they failed to construct the building properly that would cause loss to Corporation. By that route, substantial damages would be recovered by Corporation.

It made no practical difference which of the two companies succeeded, and since Lord Justice Nourse and Sir Michael Kerr considered Corporation's appeal should succeed, his Lordship did not dissent from an order to that effect.

SIR MICHAEL KERR said to speak of "assigning a contract" was strictly a misnomer since contractual obligations could not be assigned in the sense of parting with the burden of performance, without the other party's consent. An "assignment of a contract" could only take place as a novation.

Assignment of a right to call for performance of an obligation was permissible in relation to a non-personal contract which contained no prohibition against assignment.

Building contracts might or might not be personal. In the present case the question was conclusively resolved by express provision precluding assignment of "this contract" without consent.

The benefit of the contracts in the sense of right to call for performance was therefore not assignable. However, on their true construction, the contracts did not preclude assignment of benefits arising under the contracts. There was no reason why prohibition against assignment of "this contract" should preclude assignment of damages claims.

In the Linden case the breaches took place before assignment. The prohibition against assignment did not pre-

vent assignment of the accrued claim. To that extent the assignment was effective. It made no difference that the assignors had transferred the premises before assigning their rights under the contract. They retained their rights against the defendants and could assign them later.

There was no problem about Linden's right to recover £23,205 spent by the assignors in remedying the original breach. But Linden were also *prima facie* entitled to recover £236,000 they themselves spent in remedying other breaches committed prior to assignment.

Linden's appeal should be allowed.

In the St Martins case at time of assignment no breach had accrued and no cause of action had vested in Corporation. Corporation therefore had nothing to assign other than the benefit of the contract, ie, the right to have the contract performed or - loosely speaking - the contract itself.

The express prohibition precluded such assignment without consent. The assignment was invalid.

Investment's appeal should be dismissed.

Corporation remained the contracting party vis-à-vis the contractors, with their rights unimpaired. But, it was said, they could only recover nominal damages.

That was not correct. Corporation suffered loss because they were liable to indemnify Investments for £236,000 spent by Investments in remedying damage caused by the contractors' breach.

Corporation's appeal was allowed.

LORD JUSTICE NOURSE agreed with Lord Justice Staughton, but on the one point of difference, relating to validity of the St Martins assignment, he agreed with Sir Michael Kerr.

For Linden: Anthony Speaight (Counsel) and Justin Fenwick (Solicitors).  
For Ashwell: Ellis Meyer (Partner and Counsel).  
For Corporation and Investments: Humphrey Lloyd QC and David Westcott (Solicitors).  
For McLaughlin: Richard Fenwick QC and Marcus Towner (Solicitors).  
Leneesta Sludge were not represented.

Rachel Davies  
Barrister

KIDSONS IMPEY

FINANCIAL TIMES  
LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

## TAX PLANNING FOR A CHANGE OF GOVERNMENT

The period before a general election is one of the most difficult for both personal and corporate tax planning. How will the policies of the different political parties affect you and what can you do to pre-empt any possible changes?

The Financial Times and the Partners of Kidsons Impey Chartered Accountants together with the Directors of Kidsons Impey Search & Selection Limited, invite you to attend a breakfast seminar, free of charge covering the following:

- the publicly revealed proposals from the three major political parties
- their likely effect on you and your business
- the suggested planning action that you should take.

## SPEAKER TIM GOOD

Journalist, well known tax specialist, trainer of tax professionals as well as a lively, amusing speaker - Tim communicates particularly well with non tax specialists - An event not to be missed!

Places for the seminar are limited. If you wish to attend, please complete the coupon or attach your business card and send to:

FT/KI Seminar, The Counsel House  
3 Parkside, Ravenscourt Park,  
London W6 0UJ. Those allocated a place will be sent a confirmation letter.

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

## F.A.O.:

ALL Managing Directors,  
CEOs, Finance Directors  
and Tax Managers

## BREAKFAST SEMINAR

DATE: Wednesday 4 March 1992  
TIME: 8.15am - 9.30am  
PLACE: Kidsons Impey  
Spectrum House  
2026 Cursthorpe Street  
London EC4A 1HY

## TAX PLANNING FOR A CHANGE OF GOVERNMENT

I wish to attend the above seminar. Please send me confirmation that a place is available. ☐

I am unable to attend the seminar but would like a free information pack containing speaker's notes. ☐

Name: \_\_\_\_\_

Position: \_\_\_\_\_

BUSINESS NAME AND ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Tel No. \_\_\_\_\_

Fax No. \_\_\_\_\_

KIDSONS IMPEY

CHARTERED ACCOUNTANTS

FUTURES & OPTIONS  
TRADERS  
FOR AN EFFICIENT AND  
COMPETITIVE SERVICE

BERKELEY FUTURES LTD.  
15 PARK ROAD, LONDON NW11 6XN  
OR TEL: CHARLES DE ROEPER  
ON 071-224 8488  
FAX: 071-224 8275

Bond Futures Fax - FREE 2 week trial  
from Chart Analysis Ltd  
7 Swallow Street, London W1R 7HD, UK.  
Interest rate specialists for over 22 years  
Ask Anne Whitby  
Tel: 071-734 7174  
Fax: 071-439 4966

Currency Fax - FREE 2 week trial  
from Chart Analysis Ltd  
7 Swallow Street, London W1R 7HD, UK.  
Exchange rate specialists for over 22 years  
Ask Anne Whitby  
Tel: 071-734 7174  
Fax: 071-439 4966

THE FINANCIAL BOOKMAKERS  
WALL ST  
Mar 25/26/28/29  
Call us now on 071-439 7233 or write to us at: 9-11 Grosvenor Gardens,  
London SW1W 0BD for your free Dealing Handbook, which gives details  
on how to speculate TAX FREE on over 80 world money markets.

SATQUOTE  
THE COST EFFECTIVE REAL-TIME PRICE INFORMATION SERVICE  
\* FX \* EQUITIES \* FUTURES & OPTIONS \*  
\* BONDS \* ECONOMIC NEWS \*  
CALL - LONDON (071) 329-3377 - FRANKFURT (069) 639125

IG  
Investment Group  
London 100 Regent Street  
London EC1A 3BB

THE FINANCIAL BOOKMAKERS  
WALL ST  
Mar 25/26/28/29  
Call us now on 071-439 7233 or write to us at: 9-11 Grosvenor Gardens,  
London SW1W 0BD for your free Dealing Handbook, which gives details  
on how to speculate TAX FREE on over 80 world money markets.

IF YOU HAVE A VIEW, TAKE A POSITION  
CONTACT: ADRIAN FRANKLIN ON 071-245 8888  
ECU FUTURES PLC, 29 CHURCHILL PLACE, SW1X 8HL  
DEALING HOURS FROM 8.00 AM TO 5.15 PM

**PENSIONS MANAGER** £40,000 + Car

Central London

The Company provides a key service to its customers, is highly profitable, and has a turnover in excess of £1 billion coupled with a newly focussed commercial culture which paves the way for outstanding future prospects.

Over the last few years, the pension scheme, currently over £500 million in value, has performed well in comparison with other pension funds and against the Company's own target.

Reporting to the Finance Director, your prime objective will be the continuous formulation, implementation and co-ordination of pensions policy and strategy in order to meet corporate objectives.

To meet this challenge you will be a talented, professional manager who has gained significant and relevant experience in a senior role, complemented by appropriate qualifications and excellent communication, presentation, leadership and diplomatic skills.

In return, you will enjoy an attractive remuneration package including a full range of benefits.

To apply, please forward your curriculum vitae, in confidence, quoting reference BB0100 to Brian Burgess at the address below.

**...burgess chapman...**  
SEARCH & SELECTION  
17 The Green, Richmond, Surrey TW9 1PX  
Telephone: 081-332 6677 Fax: 081-332 2249

**EQUITY SALES**

We are acting for a number of clients who are seeking to strengthen their teams selling UK/European equities to UK/European institutional clients, by recruiting highly motivated professionals who can make an immediate contribution to profitability. Candidates for these positions must therefore have a successful record in generating significant revenue.

Attractive packages (including bonus) will be offered to those fulfilling these requirements.

For further information please call Martin Symon or Ruth Neilson on 071 623 1266

Jonathan Wren & Co. Limited, Financial Recruitment Consultants  
No 1 New Street, London EC2A 4TP Tel: 071-623 1266 Fax: 071-626 5259

**JONATHAN WREN**

**OMAN**

Manager of Banking and Financial Training Division

Circa US\$50,000 (Tax Free) plus Bonus, Free Accommodation and Travel

The Career Development Foundation of Oman is a newly formed organisation providing IT, management, business and banking skills training to both the Government and private sectors. During the next 12 months it is planned that over 150 courses will be delivered by local trainers with locally developed course material in addition to using international training suppliers.

The responsibilities of this challenging role will include the marketing and scheduling of courses, recruiting and managing external suppliers. Quality is paramount to the success and growth of the C.D.F.O. and the holder of this post must be able to demonstrate a consistent commitment to the issues of quality management in training delivery.

The successful candidate should have a background in Retail, Corporate or Investment Banking and at least two years experience of training, including course development, lecturing, co-ordination and ideally exposure to I.T.A.

This is a unique opportunity to join and manage with an organisation embarking on the initial phase of their development, in a stable and growing economy.

The candidate must have the ability to handle high level contact and enjoy the challenges of operating in another country's culture.

The additional bonus of this position is the opportunity to enjoy a very different lifestyle with many outdoor activities and a tax free salary/bonus, return airfares and accommodation/transport provided.

Please forward full C.V. to: Mr Bruno Currier, Managing Director  
DC Gardner & Co Ltd  
5 Harbour Exchange Square  
London E14 9GE

Our Client is a leading Scottish investment management company managing some £9 billion of assets. They have a high level of expertise across all investment areas and a successful record of achieving above average long term returns for their clients.

**Portfolio Manager**

Based Scotland

They require an experienced individual who will be responsible for managing American equity portfolios on behalf of both wholesale and retail clients. You should have several years' experience of U.S. equities and demonstrate a good track record of portfolio management. The ability to plan and develop your own work, articulate investment views and demonstrate sound judgement in investment decision making is essential.

A competitive salary and benefits package is offered and will be determined by your experience, knowledge and skills.

To apply, please write in complete confidence, enclosing a comprehensive C.V., marking the envelope with the reference PM/FT/92, to: Bakers Selection, 234 West George Street, Glasgow G2 4QY.

Applications will be forwarded to our client. Please list separately any organisation to whom your details should not be sent.

**B/A/R/K/E/R/S**  
CONFIDENTIAL REPLY SERVICE

**BRITISH MERCHANT BANKING AND SECURITIES HOUSES ASSOCIATION (BMBA)**

**SENIOR EXECUTIVE**

The BMBA, which represents the interests of the leading firms in the securities industry, has a vacancy for a senior executive.

The successful candidate will either have had direct experience as a practitioner or will have extensive knowledge of the legislative and regulatory framework, both domestic and international. He or she will need good communication skills; some knowledge of European languages would also be an advantage.

Remuneration, and normal banking benefits, will depend on experience and qualifications, but will reflect the importance of the post.

Applications (marked "Personal") should be sent, with a full curriculum vitae, to:

The Director-General, BMBA  
6 Frederick's Place  
London EC2R 8BT

All applications will be treated in complete confidence.

**APPOINTMENTS ADVERTISING**

appears every  
Wednesday & Thursday &  
Friday (International edition only)



# Japanese win coal price cut

By Gerard McCloskey

AUSTRALIAN COAL exporters have been forced, for the second year in succession, to accept a price cut for steam coal shipments to Japan. The new price - for deliveries in the 1992-1993 financial year - is US\$38.90 a tonne, 95 cents down from the current year.

Australia is the key supplier of both steam coal, largely used for electricity generation, as well as coking coal for the Japanese steel mills.

The contract was set up by Chubu Electric Power, the lead negotiator for the Japanese utilities, with the Queensland coal producer MIM and Ulan and Drayton of New South Wales. While the Australian may express some disappointment with the price fall, it could have been much worse. A recent spot tender from Scottish Power was awarded for Australian coal of this quality at \$31, for example.

These prices will flow on to some 17m tonnes of Australian coal burned in Japanese power stations as well as setting the Australian price for Taiwan in Taiwan and South Korea's Repco.

The one small gain claimed by one of the major steam coal producers last week was that the price reduction was less -

albeit marginally - than the \$1 cut for semi-soft coking coal. It is from excess coking coal, however, that the steam coal market is now threatened.

This year's Japanese steel mill settlements saw a 10 per cent cut in tonnage from Australia and Canada for hard coking coal and much bigger cuts for soft coking coal. As these coals can readily double up as very high quality steam coals and as many existing mines are planning extensive expansions in output (for example, Australia's biggest producer, BHP-Utah, alone is lifting production by 7m tonnes to 38m tonnes over the next few years), there is a danger that unbought coking coals, combined with expanding steam coal production, could swamp the market.

UK coal imports in 1991 rose to 19.5m tonnes from 14.7m tonnes in 1990. Steam coals were the main reason for the increase - rose by 69 per cent to 9.2m tonnes. Of this 6.3m tonnes went into Liverpool, largely for PowerGen's Fiddlers Ferry station (1.3m tonnes compared with 700,000 tonnes the previous year) and the Thames power stations of West Thurrock and Tilbury (both National Power) and Kingsnorth (PowerGen).

## Coffee prices tumble

ARABICA COFFEE prices tumbled in New York in early trading yesterday to the lowest levels for 17 years as traders returned from the Presidents' Day holiday, writes David Blackwell. At midday the nearby contract was off 2.5 cents at 86.50 cents a lb.

The London robusta market also closed sharply down, with the second position contract shedding a further \$23 to a new low of \$851 a tonne.

Mr Lawrence Eagles, analyst with GNI, the London futures brokers, said that most market watchers were now revising upwards their crop forecasts for this year. Last week Colombia, the second biggest producer, revised its estimate for

the 1991-92 crop up from 16m bags (60 kg each) to 16.7m bags, another record.

"The only thing that can push prices up now is a crop disaster or an international coffee organisation accord," said Mr Eagles.

Stop-loss selling by funds and commission houses are pushing New York into "a bottomless pit," one trader said. "Eventually it will reach such a level that producers will be forced into action."

Earlier this month an ICO working party failed to agree on any move towards re-establishing a coffee pact with economic clauses. The ICO export quota system collapsed in July 1989.

## MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

**ANTIMONY:** European free market, 99.5 per cent, \$ per lb, in warehouse, 1,800-1,730 (same).

**BISMUTH:** European free market, 99.5 per cent, \$ per lb, in warehouse, 2,300-2,200 (same).

**CADMIUM:** European free market, 99.5 per cent, \$ per lb, in warehouse, 0.95-1.10 (0.85-1.15).

**COBALT:** European free market, 99.5 per cent, \$ per lb, in warehouse, 1,800-1,730 (same).

**IN WAREHOUSE, 27-28 (27.50-28.50).**

**MERCURY:** European free market, min. 99.99 per cent, \$ per lb, in warehouse, 1,800-1,730 (same).

**MOLYBDENUM:** European free market, drummed molybdenum trioxide, \$ per lb Mo, in warehouse, 2.23-2.27 (same).

**SELENIUM:** European free market, min. 99.5 per cent, \$ per lb, in warehouse, 1,800-1,730 (same).

**TUNGSTEN ORE:** European free market, standard min. 65 per cent, \$ per tonne unit (10

## Raw sugar shortage hits Russian refineries

By Leyla Boulton in Moscow

THE RUSSIAN authorities said yesterday sugar refinery output had reached a historic low but that relief was on its way in the form of imports from Cuba and France.

Mr Vasily Severin, head of the sugar production department at the Russian agricultural ministry, told Itar-Tass that only four of 95 refineries were functioning because of a shortfall of raw sugar. He said refineries had last year received only 4m tonnes of the 7.5m tonnes of raw sugar they were supposed to receive under the state plan.

His deputy, Mr Anatoly Khodov, said that the "situation with sugar was serious" and that supplies would be worse this year than last. But he added that some plants would be opened in March to process imported supplies. Mr Severin said the first shipments would arrive from Cuba and France in late February.

Producing a state trading body, said it was talking with more potential suppliers but declined to give details.

Mr Boris Orlov, head of the government's department for agricultural products, said that sugar refining was a seasonal process and that only a few more refineries would be open at this time of year.

"The plants usually function for three to four months starting in September," he said. Russia required 7m tonnes of raw sugar this year, some of which would materialise only this autumn.

He said the shortfall was caused by producers' refusal to sell raw sugar to the state because they were waiting for prices to rise. They had sold their raw sugar to private markets instead. Mr Orlov said, an adviser to the Russian government, said earlier this week the government was considering liberalising the market for sugar and sugar products, two commodities which are in particularly short supply in the shops.

# Law changes could dig into US mine profits

Kenneth Gooding on congressional calls for tougher controls and higher royalties

THE US mining industry is no stranger to trouble. As long ago as December, 1983, Business Week magazine on its front page announced "The Death of Mining" in the States. To borrow Mark Twain's phrase, that death report was "greatly exaggerated".

The industry emerged leaner and fitter from the horrors of the early 1980s, when it was decimated by low prices, and the US is still one of the world's most important mining nations.

However, the US mining industry claims it now faces a new threat to its future prosperity - from those wishing to change the country's 120-year-old mining laws.

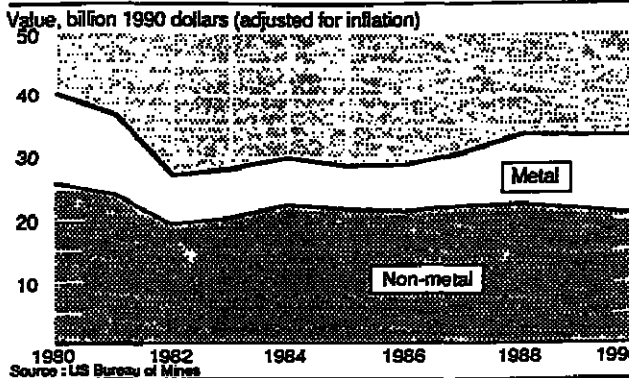
Critics suggest that these laws have enabled mining companies to make huge profits at the expense of US taxpayers while destroying vast areas of land with a blatant disregard for the environment.

Political pressure has built to such an extent that today there are two bills pending in Congress that aim to change the mining laws, one introduced by Senator Dale Bumpers and the other by Representative Nick Rahall, both Democrats.

Mr Bill Ward, chairman of the American Mining Congress, the US industry's main trade association, suggests that efforts to change the General Mining Law of the United States have been fuelled by two factors. The first says it wants the US to "mine free" in '83" and the other is made up of "seemingly budget-minded legislators who think they have found a new source of federal revenues in the form of new mining fees and royalties."

Both Bills aim to change completely the present system under which anyone can explore US federal lands and

## US non-fuel mineral production



Source: US Bureau of Mines

win ownership of parcels for as little as \$2.50 an acre after discovery of a valuable mineral deposit.

Critics point out that fossil fuels are treated differently. Coal, oil and gas are leased to producers in exchange for royalties to the federal government, which retains ownership of the land.

The Rahall and Bumpers proposals would give the US secretary of the interior much greater authority over hard rock minerals.

Among other things, companies would have to submit plans for proposed operations for the secretary's approval and these proposals would have to be consistent with land use plans for the area. Companies would have to pay fees to hold mining claims and restore the land when mining was finished.

The Bumpers Bill would require a royalty of at least 5 per cent of gross revenues; the Rahall Bill would charge rents based on claim acreage.

The AMC says critics are not right to suggest that the law allows the sale of public lands and minerals for \$2.50 to \$5 an acre. That is just the administrative fee miners pay. They also pay hundreds of thou-

sands of dollars to develop each claim.

Neither is it true that the law does not require diligent development and production of minerals or allows speculation of public lands. The AMC says the law was designed to promote mineral development on public lands and it prohibits claims from using mining claims for any other purpose.

Mining companies are particularly concerned about keeping their right to go exploring on public lands. The present mining law gives US citizens the right to enter public lands, explore for minerals and, upon their discovery, perfect ownership of the mining "location". However, miners already are barred from two-thirds of the 688m acres of federal government land.

According to Representative Barbara Vucanovich, a Republican who represents Nevada, the biggest gold mining state, to change the present law for a system where the federal government decided on day-to-day development would "so thoroughly alter the way minerals are developed in the US that they introduce considerable uncertainty to the industry."

In order to gain some perspective the AMC commissioned an independent study by the Denver branches of Coopers & Lybrand, the accountancy firm, and Davis, Graham & Stubbs, a law firm. They asked 35 US mining companies about 75 projects to see what the mining industry would look like today if the Bills had been enacted. The researchers used a computer modelling system developed by the US Department of Commerce to evaluate economic impact on a regional basis, based on actual mining industry experience and assuming present economic conditions.

The AMC has now published the study and it shows:

● With the fee and royalty provisions in place, some mines would not have been developed and other expenditures not made. This would have cost 10,000 to 30,000 jobs in mining and related activities in the west of the US.

● With the legislation proposed by Senator Bumpers in place, the federal government would have suffered a net loss of about \$230m a year, while legislation proposed by Representative Rahall would have cost the treasury more than \$125m annually in lost revenue and increased expenditures.

● Economic activity would stall in the 12 western states where most of the mining on public lands occurs. Under Bumpers, \$3.8bn worth of economic activity would be lost to these states annually; under Rahall, \$1.5bn a year.

● This loss of economic activity would not be distributed evenly. Most of the jobs would be lost in Colorado and Nevada, where many of mining's customers, consultants and suppliers are based.

The AMC's approach is not entirely negative and it seems willing to compromise. To address perceived abuses of the

present law, it has identified several areas where steps could be taken to respond to public concerns without gutting the essential components of the present law. It says these changes would not threaten public land access, result in unreasonable development costs or increased development litigation.

Among other things the AMC says the mining industry would not object to paying fair market value for the surface estate of a mining claim, based on the highest non-mining use of the land.

Neither does it object to holders of mining claims being given the option of paying an annual holding fee or performing annual assessment work. This would assure that claims were not held for speculative purposes.

The law reform lobbyists place the industry for recognising that some changes are needed but insist that its proposals fall far short of what is needed. They say the industry's study is unlikely to sway many votes in Congress in favour of the clear abuses law, such as the private acquisition of valuable federal lands for very low patent fees.

Nevertheless, there was some comfort for the industry when Mr Maue, appeared at the AMC annual meeting in Washington last week. He said the industry might well have to face some changes to mining laws but "the Department of the Interior will vigorously defend the basic tenets of the 1872 Mining Law."

He said: "Just because a law is 120 years old doesn't mean it is irrational." Many laws had stood the test of time. For example, the American Constitution had lasted even longer than US mining laws.

## Philippines 'opportunity' for miners

By Kenneth Gooding

THE PHILIPPINES offered some of the world's best exploration opportunities because there had been so little mineral exploration in the past decade, said Mr Tony Robbins, a Western Mining Corporation exploration manager, yesterday.

Even though the country was very well-endowed with copper, gold and other minerals, it had been left behind when the rest of the world was experiencing a gold-driven exploration boom. This presented mining companies with "a window of opportunity which no longer exists in many parts of the world."

The Philippines had missed out mainly because of the political instability associated with President Marcos's removal from power.

Mr Robbins said there had been no systematic, grass roots exploration since the early 1970s since when significant advances had been made in technology.

He was speaking at a seminar in London on mining opportunities in the Philippines and organised by the United Nations' Department of Technical Co-operation for Development, and Mining Journal.

Mr Robbins said that, despite the lack of recent exploration activity, the country remained among the world's big metals producers, ranking eighth in the world in copper and sixth in chromite. The country also had deposits of nickel, iron, lead, zinc, platinum, manganese, molybdenum, cobalt, alu-

## India to import cotton

By R.G. Murthy in Bombay

INDIA IS TO import 500,000 bales of cotton to ease shortage and contain the runaway rise in local cotton prices. The state-owned Cotton Corporation of India will immediately import 300,000 bales of yarn to feed 15m hand looms.

This season's cotton crop of 11.6m bales (170 kg each) is down from the earlier estimate of 12.2m bales at the beginning of the season in October.

Cotton prices were stable at this time last year, although the 1990-91 crop was only 11.7m bales, because of 3m bales carried forward from the previous year and low consumption by the textile industry.

But cotton consumption surged by 1m bales to an estimated 13m bales this year. Prices soared last year following the 24 per cent rupee devaluation in July that made textile and yarn exports competitive overseas.

The government is concerned, however, over the sharp increase in yarn exports, which has created domestic shortages, hurting labour-intensive handloom sector and threatening politically unacceptable unemployment.

Fresh export commitments for cotton yarn have been banned, sending a signal to the textile industry of the need to meet the yarn needs of handloom weavers. The shortage should ease when exportation begins importing cotton.

Mr M.B. Lal, the corporation's chairman, says overseas cotton is 20 per cent cheaper on landed-cost basis.

## WORLD COMMODITIES PRICES

COCOA - London POX			
	Close	Previous	High/Low
Mar	867	862	890/860
Apr	858	853	880/850
May	848	843	870/840
Jun	838	833	860/830
Jul	828	823	850/820
Aug	818	813	840/810
Sep	808	803	830/800
Oct	798	793	820/790
Nov	788	783	810/780
Dec	778	773	800/770

COFFEE - London POX			
	Close	Previous	High/Low
Mar	817	811	840/813
Apr	807	801	830/804
May	797	791	820/794
Jun	787	781	810/784
Jul	777	771	800/774
Aug	767	761	790/764
Sep	757	751	780/754
Oct	747	741	770/744
Nov	737	731	760/734
Dec	727	721	750/724

COPPER - London POX			
	Close	Previous	High/Low
Mar	119.0	118.0	119.0/118.0
Apr	118.0	117.0	118.0/117.0
May	117.0	116.0	117.0/116.0
Jun	116.0	115.0	116.0/115.0
Jul	115.0	114.0	115.0/114.0
Aug	114.0	113.0	114.0/113.0
Sep	113.0	112.0	113.0/112.0
Oct	112.0	111.0	112.0/111.0
Nov	111.0	110.0	111.0/110.0
Dec	110.0	109.0	110.0/109.0

SOYABEANS - London POX			
	Close	Previous	High/Low
Mar	127.5	127.0	127.5/127.0
Apr	126.5	126.0	126.5/126.0
May	125.5	125.0	125.5/125.0
Jun	124.5	124.0	124.5/124.0
Jul	123.5	123.0	123.5/123.0
Aug	122.5	122.0	122.5/122.0
Sep	121.5	121.0	121.5/121.0
Oct	120.5	120.0	120.5/120.0
Nov	119.5	119.0	119.5/119.0
Dec	118.5	118.0	118.5/118.0

CRUDE OIL - IPE			
	Close	Previous	High/Low
Mar	17.50	17.50	17.50/17.50
Apr	17.50	17.50	17.50/17.50
May	17.50	17.50	17.50/17.50
Jun	17.50	17.50	17.50/17.50
Jul	17.50	17.50	17.50/17.50
Aug	17.50	17.50	17.50/17.50
Sep	17.50	17.50	17.50/17.50
Oct	17.50	17.50	17.50/17.50
Nov	17.50	17.50	17.50/17.50
Dec	17.50	17.50	17.50/17.50

WHEAT - London POX			
	Close	Previous	High/Low
Mar	123.5	123.5	123.5/123.5
Apr	122.5	122.5	122.5/122.5
May	121.5	121.5	121.5/121.5
Jun	120.5	120.5	120.5/120.5
Jul	119.5	119.5	119.5/119.5
Aug	118.5	118.5	118.5/118.5
Sep	117.5	117.5	117.5/117.5
Oct	116.5	116.5	116.5/116.5
Nov	115.5	115.5	115.5/115.5
Dec	114.5	114.5	114.5/114.5

BARLEY - London POX			
	Close	Previous	High/Low
Mar	115.5	115.5	115.5/115.5
Apr	114.5	114.5	114.5/114.5
May	113.5	113.5	113.5/113.5
Jun	112.5	112.5	112.5/112.5
Jul	111.5	111.5	111.5/111.5
Aug	110.5	110.5	110.5/110.5
Sep	109.5	109.5	109.5/109.5
Oct	108.5	108.5	108.5/108.5
Nov	107.5	107.5	107.5/107.5
Dec	106.5	106.5	106.5/106.5

RUBBER - London POX			
	Close	Previous	High/Low
Mar	115.5	115.5	115.5/115.5
Apr	114.5	114.5	114.5/114.5
May	113.5	113.5	113.5/113.5
Jun	112.5	112.5	112.5/112.5
Jul	111.5	111.5	111.5/111.5
Aug	110.5	110.5	110.5/110.5
Sep	109.5	109.5	109.5/109.5
Oct	108.5	108.5	108.5/108.5
Nov	107.5	107.5	107.5/107.5
Dec	106.5	106.5	106.5/106.5

COTTON - London POX			
	Close	Previous	High/Low
Mar	115.5	115.5	115.5/115.5
Apr	114.5	114.5	114.5/114.5
May	113.5	113.5	113.5/113.5
Jun	112.5	112.5	112.5/112.5
Jul	111.5	111.5	111.5/111.5
Aug	110.5	110.5	110.5/110.5
Sep	109.5	109.5	109.5/109.5
Oct	108.5	108.5	108.5/108.5
Nov	107.5	107.5	107.5/107.5
Dec	106.5	106.5	106.5/106.5

SUGAR - London POX			
	Close	Previous	High/Low
Mar	115.5	115.5	115.5/115.5
Apr	114.5	114.5	114.5/114.5
May	113.5	113.5	113.5/113.5
Jun	112.5	112.5	112.5/112.5
Jul	111.5	111.5	111.5/111.5
Aug	110.5	110.5	110.5/110.5
Sep	109.5	109.5	109.5/109.5
Oct	108.5	108.5	108.5/108.5
Nov	107.5	107.5	107.5/107.5
Dec	106.5	106.5	106.5/106.5

LONDON METAL EXCHANGE			
	Close	Previous	H
Aluminium, 99.7% purity (3 per tonne)			
Cash	1285.5-1305.5	1285.5-7.5	12
3 months	1315.5	1322.5	12
Copper, Grade A (3 per tonne)			
Cash	1285.5-7.5	1243.5-4	12
3 months	1295.5-5.5	1271.7-2	12
Lead (3 per tonne)			
Cash	280-1	277.5-9.5	27
3 months	292.5-5	289-615	28
Nickel (3 per tonne)			
Cash	8095-105	8190-200	80
3 months	8135-40	8205-10	82



**By Terry Byland, UK Stock Market Editor**

FINANCIAL TIMES STOCK INDICES											
	Feb 18	Feb 17	Feb 14	Feb 13	Feb 12	Year Ago	1991/92 High	1991/92 Low	Since Completion		
									High	Low	
Government Secs	86.47	86.26	86.06	86.41	86.37	85.89	88.47	82.17	127.40	49.18	
									(184/85)	(121/75)	
Fixed Interest	101.52	101.23	101.03	101.17	101.17	94.23	101.52	90.19	105.40	50.53	
							(192/92)	(116/81)	(231/1147)	(231/75)	
Ordinary Shares*	1963.7	1970.6	1950.9	1957.4	1963.3	1836.6	2108.3	1765.3	2109.3	49.4	
							(20/91)	(161/81)	(21/81)	(26/84)	
Gold Mines	135.9	139.0	141.1	146.2	144.3	134.7	222.8	127.0	734.7	43.5	
							(117/81)	(62/81)	(152/83)	(102/77)	
FT-SE 100 Share	2555.9	2541.0	2513.9	2522.8	2523.7	2312.4	2678.8	2028.8	2678.6	566.9	
							(20/91)	(181/81)	(23/78)	(23/78)	
FT-SE Eurostock 200	1178.75	1170.10	1162.69	1156.11	1168.78	1073.56	1198.60	938.62	1198.60	638.62	
							(20/91)	(161/81)	(23/81)	(161/81)	
*Ord. Div. Yield	6.04	6.53	6.68	6.68	6.65	5.21	10.00	5.00	10.00	5.00	
*Earning Yld % (full)	6.50	6.50	6.56	6.54	6.52	5.86	10.00	5.00	10.00	5.00	
*P/E Ratio (Net/1c)	10.87	10.74	10.74	10.93	10.97	15.13	10.00	5.00	10.00	5.00	
SEAD Shares & 4.55p	33,560	29,897	30,114	26,451	26,679	30,777					
Equity Turnover (Mtn)		832.60	1167.2	1019.9	91.91	1009.07					
Equity Bargains*		29,851	30,155	26,201	26,694	33,616					
Share Traded (Mtn)		369.1	408.5	441.3	372.6	451.9					
Ordinary Share Index, Hourly changes	Day's High 1984.2					Day's Low 1967.8					
Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm	5 pm		
1978.8	1981.2	1978.2	1981.8	1986.3	1980.7	1981.3	1984.8	1980.0	1980.0		
Day's High 2567.1											
FT-SE 100, Hourly changes	Day's High 2549.8					Day's Low 2548.8					
Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm	5 pm		
2547.8	2550.5	2548.5	2553.9	2559.9	2551.9	2552.4	2556.4	2554.4	2554.4		
Day's High 1180.36											
FT-SE Eurostock 300, Hourly changes	Day's High 1174.58					Day's Low 1174.58					
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm	5 pm			
1174.09	1175.08	1177.56	1177.30	1178.54	1178.32	1178.32	1179.43				

**GILT EDGED ACTIVITY**

Indices\* Feb 17 Feb 14

Gilt-edged Bargains 103.2 77.4

5-Day average 85.4 80.6

\*SE Activity 1974.

\*Excluding intra-market business and Overseas turnover.

London report and latest Share Index

TE 0891 123001. Calls charged at 36p

minute cheap rate. 40p/minute at 2.00

London report and latest Share Index

TE 0891 123001. Calls charged at 36p

minute cheap rate. 40p/minute at 2.00

attached to a maturing bond may be exercised.

Bank Organisation continues its post-results surge, climbing 8 to 713p. However, some analysts believe the stock may be overvalued when it goes ex the dividend of Monday.

A squeeze saw GKN climbing to 330p, although its stock appeared at the higher levels the shares slipped back to 324p, up 9 on balance. Speculator buying ahead of today's full-year results helped British Aerospace to harden 3 to 273p. The market expects the results to reveal a loss of between £20m and £25m.

Favourable weekend press comment continued to lift Incheape, which gained another 9 at 451p as volume rose to 1.8m.

Securities house BZW was reported to have been the seller of Tiplough. The shares dropped to 310p.

Specialist chemicals and industrial group BTP fell 6 in both the old shares and the

Great Universal Stores "A" up 27 1/2 to 1508p, while Sears rose 1 1/2 to 106p on turnover of 12m. Appointment of Mr Liam Strong as chief executive. J. Argos, depressed of late by adverse comments from brokers, bounced 10 to 238p and Kingfisher rose 16 to 523p.

Allied-Lyons added 7 to 632p, gaining support from news that the deal to lease 734 of its public houses to Brent Walker had been completed. The Office of Fair Trading has threatened legal action against Allied, on the basis that these pubs still form part of the tied estate, which it has been ordered to

tion. There is growing optimism, however, that Allied will win the argument.

H.P. Bulmer, recently volatile on the European Commission's questioning of cider's favourable tax position, fell 7 to 267p.

The slump in Alexandra Workwear continued, with the stock, which stood at 153p in September, falling 6 to 38p on 10.09. Persistent rumours of a possible takeover, coupled with the company's financial intransigence have deterred investors from picking up any available stock, but Alexandra's offer was bidding for and raking shares, suggesting a takeover is still a possibility.

Ladbroke gained to 231p as investors looked forward to an expected increase in the leisure resort's dividend next month.

Hotel group Forte, which has 50 hotels, continued to improve, with shares up 10p, adding 2 to 277p - a penny above the level that warrants

Olivier Doria, Mark Goodman, Gabriel Grippo, Kirby Hoeft, Michael Jensen and Gail McDonnell have been

**MIDLAND BANK** has appointed David Markham and Roger Thompson its representatives in Moscow and Beijing respectively.

**TRADING SECURITIES** has appointed Michael Bird, 10000 Jeffrey Boulevard, Fu Ya in, Peterborough, Peter Morris, Peter Huxton, Adrian Phillips, James Cunningham-Hobbs, Debra Chisholm, Carl Strutt and Janice Wallace as directors.

**COUNTY NORTHERN**

Salomon Brothers. Kenneth Joseph has been appointed director and UK sales and trading for hedge fund equities at HERMAN BROTHERS SECURITIES; he moves from Salomon Brothers. Michael Ladenburg, formerly international corporate finance director at Robert Fleming, is appointed assistant general manager and head of corporate finance at SAUDI International Bank. Ian Brzozewski is moving from Salomon Brothers to become a director of MERRILL LYNCH INTERNATIONAL. Ann Busby, formerly a director of BZW Investment Bank, is appointed a director of QUEEN ANNE'S RACE ASSET MANAGEMENT.

1.  $\frac{1}{2}$  2.  $\frac{1}{2}$  3.  $\frac{1}{2}$  4.  $\frac{1}{2}$  5.  $\frac{1}{2}$  6.  $\frac{1}{2}$  7.  $\frac{1}{2}$  8.  $\frac{1}{2}$  9.  $\frac{1}{2}$  10.  $\frac{1}{2}$

[illegible]

March opened at 2.57 and moved quickly ahead on optimism over a rate reduction fuelled mainly by sterling's early strengthening against the dollar. However, lack of any further positive news caused the market to drift away in mid-morning trading.

ASIAN BONDS - Cont.										BRITISH BONDS - Cont.											
Yld.		Rat.		Notes		Price		1991/92		Yld.		Rat.		Notes		Price		1991/92		Yld.	
%								%										%			
1.80	7.85	Thailand 11 1/2% pc 1998/97	119.5	+0.1	101.1	52.3	0.28	0.20	Indian - Librad												
0.80	8.20	Thailand 11 1/2% pc 1998/97	119.5	+0.1	101.1	52.3	0.28	0.20	Indian - 2pc 94A	(102.9)	104.4	+0.1	103.9	115.0	(1)	0.20	2.35				
0.80	8.20	Thailand 11 1/2% pc 1998/97	119.5	+0.1	101.1	52.3	0.28	0.20	Indian - 2pc 94B	(102.9)	104.4	+0.1	103.9	115.0	(1)	0.20	2.35				
10.49	9.57	Commen 10 1/2% pc 1998/97	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94C	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.85	8.43	Thailand 10 1/2% pc 1998/97	119.5	+0.1	101.1	52.3	0.28	0.20	2pc 94D	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.85	8.43	Thailand 10 1/2% pc 1998/97	119.5	+0.1	101.1	52.3	0.28	0.20	2pc 94E	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
12.10	9.52	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94F	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94G	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94H	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94I	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94J	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94K	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94L	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94M	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94N	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94O	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0	0.38	0.30	2pc 94P	(107.3)	108.0	+0.1	107.3	115.0	(1)	0.20	2.67				
0.80	8.20	10pc 2000/01	104.1	+0.1	100.4	55.0															

0100	17 10	17 20	17 20
0130	17 30	17 72	19 08
0200	17 38	17 72	19 08
0230	17 08	17 20	17 20
0300	17 08	17 20	17 20
0330	17 08	17 18	17 18

1130	19 35	21 26	23 62
1204	19 34	21 22	23 58
1230	19 31	21 14	23 47
1300	19 26	21 04	23 33
1330	19 22	19 32	21 53
1400	18 21	18 09	21 28

Denmark	(45) 33 134 441	2200	17 10	17 19	17 20
Sweden	(46) 8 666 0065	2230	17 05	17 19	17 19
London	(071) 873 4823	2300	17 06	17 15	17 15
Norway	(021) 454 0022	2330	17 04	17 13	17 13
		2400	17 03	17 11	17 11

NGC Settlements Limited



**INVESTMENT TRUSTS - Cont**

**MEDIA**

**MERCHANDISE**







● Current Unit Trust prices are available on FT Cityline. Calls charged at 36¢/minute cheap rate and 48¢/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Lot Class	Cash Price	Bid Price	Offer + or - Price	Yield %
--------------	---------------	--------------	-----------------------	------------

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

INITIAL NAME: \_\_\_\_\_

**STYLING CONCEPTS:** Charge prices on rate of inflation, but not on inflationary pressures and administrative costs, including construction paid to intermediaries. This charge is included in the price of the product.

**OFFER PRICE:** Also called base price. The lowest price a manufacturer can charge.

**NET PRICE:** Also called ex-manufacturer price. Price of a vehicle minus any cash rebates or incentives.

**RED PRICE:** Also called redemption price. The price of a vehicle once it has been bought by a customer.

**RETAIL PRICE:** The additional value added by the retailer. The price of a vehicle is determined by a formula that takes into account the manufacturer's price, the retailer's price for the components he procures, used and new, and the retailer's own contribution. As a result, the retail price is often higher than the manufacturer's price. However, the retail price might also be lower than the manufacturer's price, for example, in the case of a concessionaire selling off his own stock, usually in circumstances in which there is a surplus. The retail price is also the one buyers see. The time the above-mentioned rates are set and accepted's name is the time of the model's valuation point before either is indicated by a manufacturer's advertisement or the retailer's advertisement.

**The symbols on each indicator (V) - 1000 (V1000 1990), (H) - 1100 (H1100 1990), (L) - 1400 (L 1400 1990), (R) - 1700 (R 1700 1990). The selling prices are set in the last month of the valuation period, a short period of time may elapse before the**

**FIXING THROUGHOUT:** The belief that inflation will be constant and measured and that the price will rise on the next price valuation. The price always rises in the next valuation before publication and may be lower than the actual price. This mechanism is an interesting statistical modification to a switch to a forward pricing basis. The assumption must not be that of a demand, and may result in forward pricing at any time.

**FORWARD PRICING:** The belief if forward pricing is used, the price to be set in the next valuation, insurance can be set in advance of the price in advance of the purchase of each sale. This is a very simple mechanism, but it is not the same as the method provided by the forward pricing.

**SCHEMATIC PARTICULARS AND REFINEMENTS:** The most recent report and scheme particular can be obtained from the Charge from their company.

**Other company notes are compiled in the last section of the FT Manufacturer's Price Service.**

**John Humphrey and David Tait**  
Financial Times  
100 Bank Street, London WC2A 9UE  
020 7556 3000



**FT MANAGED FUNDS SERVICE**

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

[illegible]



<p><b>Northwich Union Assurance Ltd</b> PO Box 140, Northwich, Cheshire, Warrington, Lancs. WA11 1PP 0603 622200</p> <p><b>Providence Capital Life Assn. Co Ltd</b> Central 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892</p>
---



**FT MANAGED FUNDS SERVICE**[illegible]







**and**

... good time the other  
... because it  
... developed countries  
... and parties  
... because of their  
... that are interme-  
... and sector to build  
... in the New  
... last year.  
... can de-  
... are the  
... commitment and  
... especially  
... relating from  
... of the over-  
... bankers' post-  
... all to pro-  
..., especially if  
... to hyper-  
... the coun-  
... the across  
... follow  
... regard;  
... standing more

**deal**

[illegible]



## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

Continued on page 100





**NASDAQ NATIONAL MARKET**

The problem of Telecash which led to suing North American states, being temporarily arrested and his name now been recalled.

High and low reflect the period from Jan. 1, excluding the latest trading day. Where a split or stock dividend occurred, the high and low are based on the new 100-share high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are rounded to the nearest cent.

1. **100-share** - 100 shares of common stock.  
2. **100-share** - 100 shares of common stock.  
3. **100-share** - 100 shares of common stock.  
4. **100-share** - 100 shares of common stock.  
5. **100-share** - 100 shares of common stock.  
6. **100-share** - 100 shares of common stock.  
7. **100-share** - 100 shares of common stock.  
8. **100-share** - 100 shares of common stock.  
9. **100-share** - 100 shares of common stock.  
10. **100-share** - 100 shares of common stock.  
11. **100-share** - 100 shares of common stock.  
12. **100-share** - 100 shares of common stock.  
13. **100-share** - 100 shares of common stock.  
14. **100-share** - 100 shares of common stock.  
15. **100-share** - 100 shares of common stock.  
16. **100-share** - 100 shares of common stock.  
17. **100-share** - 100 shares of common stock.  
18. **100-share** - 100 shares of common stock.  
19. **100-share** - 100 shares of common stock.  
20. **100-share** - 100 shares of common stock.  
21. **100-share** - 100 shares of common stock.  
22. **100-share** - 100 shares of common stock.  
23. **100-share** - 100 shares of common stock.  
24. **100-share** - 100 shares of common stock.  
25. **100-share** - 100 shares of common stock.  
26. **100-share** - 100 shares of common stock.  
27. **100-share** - 100 shares of common stock.  
28. **100-share** - 100 shares of common stock.  
29. **100-share** - 100 shares of common stock.  
30. **100-share** - 100 shares of common stock.  
31. **100-share** - 100 shares of common stock.  
32. **100-share** - 100 shares of common stock.  
33. **100-share** - 100 shares of common stock.  
34. **100-share** - 100 shares of common stock.  
35. **100-share** - 100 shares of common stock.  
36. **100-share** - 100 shares of common stock.  
37. **100-share** - 100 shares of common stock.  
38. **100-share** - 100 shares of common stock.  
39. **100-share** - 100 shares of common stock.  
40. **100-share** - 100 shares of common stock.  
41. **100-share** - 100 shares of common stock.  
42. **100-share** - 100 shares of common stock.  
43. **100-share** - 100 shares of common stock.  
44. **100-share** - 100 shares of common stock.  
45. **100-share** - 100 shares of common stock.  
46. **100-share** - 100 shares of common stock.  
47. **100-share** - 100 shares of common stock.  
48. **100-share** - 100 shares of common stock.  
49. **100-share** - 100 shares of common stock.  
50. **100-share** - 100 shares of common stock.  
51. **100-share** - 100 shares of common stock.  
52. **100-share** - 100 shares of common stock.  
53. **100-share** - 100 shares of common stock.  
54. **100-share** - 100 shares of common stock.  
55. **100-share** - 100 shares of common stock.  
56. **100-share** - 100 shares of common stock.  
57. **100-share** - 100 shares of common stock.  
58. **100-share** - 100 shares of common stock.  
59. **100-share** - 100 shares of common stock.  
60. **100-share** - 100 shares of common stock.  
61. **100-share** - 100 shares of common stock.  
62. **100-share** - 100 shares of common stock.  
63. **100-share** - 100 shares of common stock.  
64. **100-share** - 100 shares of common stock.  
65. **100-share** - 100 shares of common stock.  
66. **100-share** - 100 shares of common stock.  
67. **100-share** - 100 shares of common stock.  
68. **100-share** - 100 shares of common stock.  
69. **100-share** - 100 shares of common stock.  
70. **100-share** - 100 shares of common stock.  
71. **100-share** - 100 shares of common stock.  
72. **100-share** - 100 shares of common stock.  
73. **100-share** - 100 shares of common stock.  
74. **100-share** - 100 shares of common stock.  
75. **100-share** - 100 shares of common stock.  
76. **100-share** - 100 shares of common stock.  
77. **100-share** - 100 shares of common stock.  
78. **100-share** - 100 shares of common stock.  
79. **100-share** - 100 shares of common stock.  
80. **100-share** - 100 shares of common stock.  
81. **100-share** - 100 shares of common stock.  
82. **100-share** - 100 shares of common stock.  
83. **100-share** - 100 shares of common stock.  
84. **100-share** - 100 shares of common stock.  
85. **100-share** - 100 shares of common stock.  
86. **100-share** - 100 shares of common stock.  
87. **100-share** - 100 shares of common stock.  
88. **100-share** - 100 shares of common stock.  
89. **100-share** - 100 shares of common stock.  
90. **100-share** - 100 shares of common stock.  
91. **100-share** - 100 shares of common stock.  
92. **100-share** - 100 shares of common stock.  
93. **100-share** - 100 shares of common stock.  
94. **100-share** - 100 shares of common stock.  
95. **100-share** - 100 shares of common stock.  
96. **100-share** - 100 shares of common stock.  
97. **100-share** - 100 shares of common stock.  
98. **100-share** - 100 shares of common stock.  
99. **100-share** - 100 shares of common stock.  
100. **100-share** - 100 shares of common stock.

## 4:00 pm prices February 18

4000 pm High February 18					
	Pr				
	E 1000	High	Low	Close	Chg
0.04	99	34	27	27	+
0.05	99	34	27	27	+
0.06	99	34	27	27	+
0.08	99	34	27	27	+
0.10	99	34	27	27	+
0.11	99	34	27	27	+
0.12	99	34	27	27	+
0.13	99	34	27	27	+
0.14	99	34	27	27	+
0.15	99	34	27	27	+
0.16	99	34	27	27	+
0.17	99	34	27	27	+
0.18	99	34	27	27	+
0.19	99	34	27	27	+
0.20	99	34	27	27	+
0.21	99	34	27	27	+
0.22	99	34	27	27	+
0.23	99	34	27	27	+
0.24	99	34	27	27	+
0.25	99	34	27	27	+
0.26	99	34	27	27	+
0.27	99	34	27	27	+
0.28	99	34	27	27	+
0.29	99	34	27	27	+
0.30	99	34	27	27	+
0.31	99	34	27	27	+
0.32	99	34	27	27	+
0.33	99	34	27	27	+
0.34	99	34	27	27	+
0.35	99	34	27	27	+
0.36	99	34	27	27	+
0.37	99	34	27	27	+
0.38	99	34	27	27	+
0.39	99	34	27	27	+
0.40	99	34	27	27	+
0.41	99	34	27	27	+
0.42	99	34	27	27	+
0.43	99	34	27	27	+
0.44	99	34	27	27	+
0.45	99	34	27	27	+
0.46	99	34	27	27	+
0.47	99	34	27	27	+
0.48	99	34	27	27	+
0.49	99	34	27	27	+
0.50	99	34	27	27	+
0.51	99	34	27	27	+
0.52	99	34	27	27	+
0.53	99	34	27	27	+
0.54	99	34	27	27	+
0.55	99	34	27	27	+
0.56	99	34	27	27	+
0.57	99	34	27	27	+
0.58	99	34	27	27	+
0.59	99	34	27	27	+
0.60	99	34	27	27	+
0.61	99	34	27	27	+
0.62	99	34	27	27	+
0.63	99	34	27	27	+
0.64	99	34	27	27	+
0.65	99	34	27	27	+
0.66	99	34	27	27	+
0.67	99	34	27	27	+
0.68	99	34	27	27	+
0.69	99	34	27	27	+
0.70	99	34	27	27	+
0.71	99	34	27	27	+
0.72	99	34	27	27	+
0.73	99	34	27	27	+
0.74	99	34	27	27	+
0.75	99	34	27	27	+
0.76	99	34	27	27	+
0.77	99	34	27	27	+

The more predominant role of the E.C. will have the greatest impact on Company's business over the next five years. This was the view of 51% of the top chief executives in Europe in 1990 who read

**Data sources:** *Chief Executives in Europe 1990*  
European Business Forum Research

\_\_\_\_\_

## 4:00 am prices February 1

**EMPLOYEE OWNERSHIP**

*The FT proposes to publish this survey on*  
**March 12 1992.**

*The F.T. has the highest readership amongst senior European business people who have responsibility for corporate planning, legal and personnel matters, which are the disciplines needed for creating and implementing Employee Ownership schemes. If you want to reach this important audience, call*  
**Ian Ely-Corbett**  
**Tel:071 873 4148**  
**or**  
**Fax: 071 873 3062.**

---



## AMERICA

## Dow reverses early climb on Fed's surprise move

## Wall Street

US STOCK markets staged a remarkable turnaround yesterday, with share prices falling sharply from early highs in the wake of an unexpected announcement from the Federal Reserve that it was cutting bank reserve requirements, writes Patrick Harverson in New York.

At the close the Dow Jones Industrial Average was down 21.24 at 3,274.73, having earlier in the day been more than 20 points ahead and nearing its record close of 3,276.83. The Standard & Poor's 500 finished a sharp 5.10 off at 407.38, while the Nasdaq composite of over-the-counter stocks showed a drop of 10.02 at 826.41. Turnover on the New York SE came to 234m shares.

The Fed's announcement that, as from April 2, it was reducing reserve requirements on bank transaction accounts from 12 per cent to 10 per cent initially lifted sentiment, on the grounds that the move would allow banks to pass on lower funding costs to customers in the form of cheaper credit.

Within hours, however, the market had turned around as investors took their cue from a decline in bond prices, which

were depressed by fears that the Fed's actions would lead to another interest rate cut. As the falling 30-year bond pushed benchmark long-term interest rates up towards 8 per cent, equity investors took flight.

The news of the reduced reserve requirements, however, helped some bank stocks. Chase Manhattan rose \$1 to \$24, Citicorp \$1 to \$18, Bank America \$1 to \$40 and BancOne \$1 to \$46.

Airline issues were in the limelight in the wake of positive comments on the sector from analysts at two broking houses, Shearson Lehman Brothers and First Boston, and lower crude oil prices. UAL advanced \$2 to \$148, AMR (parent of American Airlines) \$2 to \$76, Delta \$1 to \$70 and West Coast \$1 to \$74.

Wal-Mart jumped \$3 to \$148 1/4 after the entertainment group announced plans for a four-for-one stock split. On the American Stock Exchange, Greyhound Lines slipped \$1 to \$10 1/4 after the bus operator said it would purchase new buses for \$24m. Turner Broadcasting "A" shares eased \$1 to \$22 1/2 on news that the company will soon unveil plans for a new cartoon television network.

Among mostly weaker oil shares, Phillips Petroleum

receded \$1 to \$23 1/2 after stating that it would cut its workforce by 1,100 by the end of June, and Occidental declined \$1 to \$19 1/2 in spite of revealing that it will sell a variety of coal properties for \$41m.

Marvel Entertainment, a relative newcomer to the market and which has enjoyed explosive growth in its share price since flotation, plummeted \$11 to \$54 in the wake of press reports highlighting that the comic book publisher remains highly leveraged.

## Canada

TORONTO stock prices fell sharply in the final hour of the session in moderate trading, dragged down by Wall Street. The composite index fell 18.6 to close at 3,551.2. Declining issues outnumbered advances by 335 to 255, while volume amounted to 27m shares.

Dominion Textile slipped C\$ to C\$88. The company said it will discontinue operation of its Dominion Fabrics unit, and will permanently close two plants run by the unit.

Abitibi-Price reported a fourth-quarter loss of C\$48.1m, or 70 cents a share, after a restructuring charge of C\$24.4m. The stock was unchanged at C\$15.

## Yugoslav ceasefire helps Vienna to recover

But the peace dividend is offset by domestic economic concerns, says Judy Dempsey

Much to the relief of Austrian stockbrokers, bankers and the business community, the ceasefire in Yugoslavia is providing an incentive for foreign investors to return to the Vienna stock exchange. But international political initiatives are facing a counterweight, in domestic economic concerns, as the stock market attempts to emerge from a disappointing 1991.

According to the FT-Actuaries World Index series, Austria fell 14.2 per cent last year, against a rise of 12.5 per cent for Europe, including the UK.

This year's recovery has been almost as remarkable: Vienna's 18-share ATX index closed at 1,083.55 yesterday, down 10.34 points, but up 22.7 per cent from the end of December. Against an FT-Actuaries Europe rise of under 5 per cent for the same period, 187 traders say the index is unlikely to

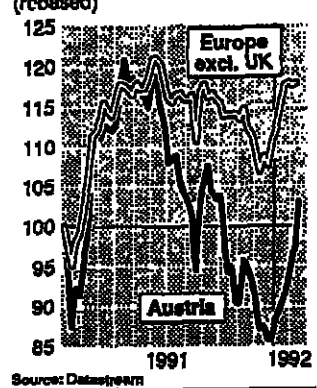
improve much further during the rest of this year.

Foreign institutions have also been responsible for an increase in volume. Mostly from the US and the UK, they have been buying shares in the reliable utilities sector and the construction industry. Turnover in January totalled Sch94m (\$12bn), compared to Sch9bn in December and in January last year.

Mr Christian Guttederer, a senior official at the Vienna bourse, says: "There are signs that a rebound is taking place. But any increase in the index is still dependent on so many factors."

One of these factors is the slowing down of the Austrian economy, which traders hope will not dip into recession. Estimates for GDP, which grew by 4 per cent in 1990 and 3 per cent in 1991, have been revised down to 2.5 per cent for 1992. Investment which, according to WIPO, the Vienna Institute for

FT-A World Index in local terms (rebased)



Inflation is only expected to rise by 0.3 of a percentage point to 3.6 per cent, and unemployment should increase slightly, to 6 per cent.

The sluggish growth in GDP, however, is not the main reason for the decline in corporate investment which, according to WIPO, the Vienna Institute for

Economic Forecasting, will decrease this year from 6 per cent to 3 per cent of profits; nor is the latest round of wage bargaining, which agreed to a 4.5 per cent rise. Rather, it is interest rates, and the uncertainty in the former Soviet Union, which continue to dull confidence in the bourse.

Because the schilling is tied to the D-Mark, Austria has had to bear correspondingly heavy interest rates. The recent dip of 0.3 points to 8.5 per cent in bond yields has had little effect on the bourse. "Interest rates are still too high," says Mr Peter Szep, a senior analyst at Vienna's Girozentrale bank.

"Normal credit rates are about 13 per cent. This is too expensive." Any decline in German interest rates would be welcomed in Vienna.

The disintegration of the Soviet Union has been a mixed blessing. Shares in IGM, the computer parts manufacturer which supplied the Soviet mar-

ket, have fallen by over 50 per cent since last August.

However, the construction industry, particularly Wohnbau, Pöschl, and Maculan, is thriving in eastern Europe and the former Soviet republics. Maculan, for example, is being paid by the German government to build housing for Soviet troops returning from eastern Europe. Order books for the construction sector are up 22 per cent on a year ago, and earnings are expected to grow by 3.5 per cent in real terms.

"I am cautiously optimistic. But I think we are between two phases," says Mr Szep. "On the one hand, the foreigners are returning, slowly. On the other, we are waiting not only for new forecasts due at the end of March, but for indications that the US, the UK, and other western economies will emerge from the recession later this year. If not, we cannot expect any upswing in the bourse."

## ASIA PACIFIC

## Nikkei falls as hopes of interest rate cut recede

## Tokyo

SHARE PRICES fell on futures-related selling and liquidation of holdings by investment trust funds, and the Nikkei average shed Monday's 2.1 per cent gain, writes Erika Terazono in Tokyo.

The 225-issue average closed 452.95 down at 20,372.03, after a day's high of 21,294.02 and low of 20,807.40. An afternoon fall in futures prices had prompted arbitrage unwinding.

Volume was flat at 200m shares. Declines led advances by 698 to 323, with 177 issues falling. The Topix index, the first section stocks lost 18.94 at 1,539.93, and in London the ISE/Nikkei 50 index weakened 15.48 to 1,163.89.

Market participants were disappointed that foreign exchanges had ignored Monday's intervention by the Bank of Japan and the Federal Reserve Bank of New York to support the yen against the dollar. The US unit rallied against European currencies, and rose to ¥127.17, up from ¥126.93, against the yen. The rise dampened hopes of lower interest rates and prompted profit-taking in the equity market.

Tokio, or specified money trusts, and investment trusts, which face redemptions, were seen liquidating holdings. However, some analysts believe the Bank of Japan will ease short-term money rates in the event of a sharp downturn in the Nikkei. Mr Jozen James, strategist at James Capel, said the bottom range for the index was around 20,000.

Financial issues were lower on small-lot corporate selling ahead of the March book closing. Industrial Bank of Japan fell ¥150 to ¥2,680 and Fuji Bank ¥100 to ¥2,000.

Steel issues retreated initially on reports of a further decline in crude steel output for January. Crude steel output fell by a year-on-year 14.8 per

cent last month, the sixth consecutive monthly decline. However, bargain hunting later supported NKK, which added ¥6 at ¥381, and Tokyo Steel, which gained ¥20 to ¥2,370.

High-priced small-capital issues with low pay-out ratios advanced on hopes that the companies would raise dividends, or announce stock splits. Keyence, the measuring equipment maker, climbed ¥200 to ¥10,700 and Family Mart, the retailer, put on ¥180 to ¥8,930.

After the close, Mr Minoru Nagao, president of the Tokyo Stock Exchange (TSE), said the exchange had started an investigation into the recent trading of shares in Daito Trust Construction, the company, which made a debut on the TSE's first section on February 5, ran into heavy selling last week amid rumours that it had guaranteed debt for a bankrupt concern. Daito ended ¥30 off at ¥5,550, compared with ¥788 the closing price on its first day of trading.

In Osaka, the OSE average slipped 85.74 to 22,566.78 in volume of 52.1m shares. Window dressing ahead of the March book closing lifted smaller companies. High-technology shares weakened on worries over earnings.

## Roundup

A LOWER Nikkei depressed sentiment in the Pacific Rim, although most bourses were affected by local issues. Thailand was closed.

BONG KONG, after starting strongly, lost some ground on afternoon profit-taking. The Hang Seng index finished a net 27.91 up at 4,747.10 in turnover of HK\$1.7bn.

There were rumours of covered warrant issues from Bank of East Asia and Hopewell; the bank was unchanged at HK\$21.40 while the property group rose 2.50 cents to HK\$4.00. Jardine Matheson put on HK\$1.00 to HK\$44.50 as sentiment towards trading compe-

nies turned positive. Citic Pacific, the Chinese-backed investment trust, moved ahead 15 cents or 6.6 per cent to HK\$2.40 as the Quok family increased its holding.

SEOUL dipped 1.92 to 638.22, with interest in securities shares preventing the market from falling further. The Korea Securities Market Stabilisation Fund said it would pay a 5 per cent dividend to members.

JAKARTA retreated, the index closing 4.18 down at 298.75 in volume of 7.6m shares.

KUALA LUMPUR firmed on hopes that interest rates might be cut, although Bank Negara, the central bank, has indicated that a reduction might not occur for another three months. The composite index rose 9.28 to 607.87 in volume of 65m shares (41m). Telekom gained 20 cents to M\$11.10, with 1.8m shares traded.

SINGAPORE retrieved most of Monday's losses. The Straits Times Industrial Index improved 6.90 to 1,501.80 in volume of 58m shares.

TAIWAN fell further on concern over the central bank's decision to restrict foreign investment. The weighted index lost 52.57 or 1.9 per cent to 4,765.41.

MALAYSIA eased ahead, partly on reports that a family trust wanted to liquidate part of its holding in Ayala Corporation. The composite index was 2.53 off at 1,176.57.

AUSTRALIA's early gains were trimmed back by the fall in Tokyo. The All Ordinaries index closed 12.5 up at 1,626.7.

News Corp rose 58 cents to a record high of A\$18.24, while demand for CRA pushed the price up 38 cents to A\$18.84.

Commonwealth Bank, which reports its interim today, firmed 3 cents to A\$7.15.

NEW ZEALAND partially recovered after results from Telecom and Fletcher Challenge. The NZSE-40 index was down a net 4.83 at 1,478.03 in turnover of some NZ\$15m.

## EUROPE

## Stronger dollar pulls most bourses higher

THE RISING dollar pulled most bourses higher yesterday, writes Our Markets staff.

PARIS jumped to its highest level since Iraq invaded Kuwait on August 2, 1990, as foreign institutions went on an afternoon buying spree of cyclical stocks with exposure to the US. The CAC-40 index pierced the 1,900 level with relative ease, and closed 30.14 or 1.6 per cent higher at 1,912.11 in heavy volume of 51.5m.

Program buying was noted. Saint Gobain was the day's biggest gainer, adding FF90 or 6.1 per cent to FF1,525, and accounting for 10 per cent of the CAC-40's rise. Lafarge rose FF19 to FF193.3. Both companies have significant dollar earnings.

Car stocks were also in demand, with Peugeot rising FF13 to FF178 and Michelin adding FF6.10 to FF164.10. Credit Lyonnais de France made a rare appearance in the top 20 volume list as it continued to rise, closing FF140 higher at FF121.10 with 215,550 shares traded.

On the way down was Total, which lost FF13.50 to FF125.90 on concerns that lower oil prices would erode its refining margins. Remy Cointreau fell FF9.70 or 5.1 per cent to FF180.30 with only 4,900 shares traded. Dealers said the stock had collapsed after the family withdrew its support last week.

FRANKFURT rose by nearly 1 per cent as the strong dollar helped exporters, and weaker oil prices industry in general. The DAX index put on 18.92 to 1,694.99 after a 5.49 rise to 681.10 in the FAZ at mid-session. Volume improved to DM4.5m from DM4.4m.

Among exporters, Siemens rose DM5 to DM678 and Volkswagen DM4.70 to DM543, while Metallgesellschaft, DM6.50 higher at DM414, was also rated as a dollar beneficiary given that its metal sales contracts are expressed in the US currency.

Technical reasons were also advanced for the gains, including volatility ahead of Friday's expiration of DFB futures and options contracts, buying in

advance of the Siemens' dividend payment on March 12 and reaction to recent weakness in Metallgesellschaft, up DM15.20 over two days.

Hochtief led construction stocks higher with a DM37 rise to DM1,099. Mr Robert Willis of Hoare Govett said that Hochtief's meeting with analysts last Thursday in London had left some of the latter disappointed, but that the underlying picture was strong.

AMSTERDAM closed higher, boosted by the dollar. The CBS Tendency Index rose 1.6 to 123.6. Océ, the photocopier and office systems group, which reported an expected rise in 1991 net profits, gained F13.30 or 4.4 per cent to F173.50. The market reacted positively to the rise in the 1991 dividend to

FT-SE Eurotrack 100 - Feb 18								
Hourly changes								
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close	
1139.71	1139.23	1140.76	1141.72	1142.40	1142.73	1143.54	1143.88	
Day's High 1144.39				Day's Low 1138.67				
Feb 17	Feb 14		Feb 13		Feb 12		Feb 11	
1135.85	1130.78		1136.88		1136.12		1137.74	

Base value 100 (1980=100)

advance of the Siemens' dividend payment on March 12 and reaction to recent weakness in Metallgesellschaft, up DM15.20 over two days.

Hochtief led construction stocks higher with a DM37 rise to DM1,099. Mr Robert Willis of Hoare Govett said that Hochtief's meeting with analysts last Thursday in London had left some of the latter disappointed, but that the underlying picture was strong.

AMSTERDAM closed higher, boosted by the dollar. The CBS Tendency Index rose 1.6 to 123.6. Océ, the photocopier and office systems group, which reported an expected rise in 1991 net profits, gained F13.30 or 4.4 per cent to F173.50. The market reacted positively to the rise in the 1991 dividend to

F12.25 from F12.00.

Elsewhere, rose F12.10 to F1109.50 on news that it was selling its 19 per cent stake in a commercial television station. Unilever ended at a record high, lifted by the strong dollar and investor confidence in the food sector: it gained F12.70 to F1189.90.

Begmann, the engineering group, fell as low as F190.00 before closing up F11.50 at F198.00, following last week's government decision not to grant it an export licence to build submarines for Taiwan.

MILAN continued to weaken, as sell orders hit an empty market. The Commit Index fell 6.39 or 1.3 per cent to 528.88, perilously close to its chart support level of 525, in turnover estimated at 1,555m

after L80.5bn.

However, leading stocks recovered after the fixing, for example Generali's last trade was L30,900, compared with an official close of L30,180, down L540.

Pirelli, whose capital increase started on Monday, saw its ordinary shares fall L47 or 4.3 per cent to L1,068, while the rights lost 40 per cent.

Dealers said the news came under pressure on signs that Mediobanca's support operation was too thin and on rumours, described as unlikely, that a broker connected to Pirelli was in financial trouble.

Some brokers said they were advising clients to look beyond the gloom which obscured second-line stocks with good prospects. Mr William Cowan at Mito International said he was keen on Benetton and Edison in the wake of favourable company meetings. Benetton is likely to repeat 1991's performance in 1992, with a profit increase of 15-17 per cent, while Edison (formerly Selm) is expected to get a massive boost to energy capacity, and to profits, in the next two years.

Both stocks resisted the bourse's weak trend. Benetton slipped L35 to L121.15 and Edison, which has encountered profit-taking near L4,000, eased L19 to L3,944.

ZURICH led on medium-capitalisation stocks as the SMI index rose 6.5 to 1,127.5. Smaller issues rose SF160 to SF17,680. Holderbank, up SF190 to SF1,650 and Alusuisse to SF219 to SF253.

Mr Nigel Spence of Barings Securities said that Swiss chips had been enjoying a rally for two months now, that people were looking for larger and the very brave for cyclical stocks like Holderbank, Alusuisse and Metallgesellschaft.

MADRID was led higher by the banking sector: the select index rose 2.17 to 381.61. Santander gained Ptas100 to Ptas4,710 while Tabacalra moved up Ptas10 to Ptas6,000, another record high.

COPENHAGEN was happy with the 51 per cent jump in Unidank's group, net loss to DKr1.7m for 1991 and the bank fell DKr207 in heavy volume. The CSE index fell 0.68 to 351.04.

## INVESTOR RELATIONS WITH US AND UK INSTITUTIONS

## ANGLO-AMERICAN PERSPECTIVE

Anglo-American Perspective is a research study examining the attitudes of UK and US investors towards leading continental European equity markets.

The study examines the investment influences and communication preferences of a high proportion of the leading professional investors in the US and UK.

Commissioned by Makinson Cowell and the Financial Times, the study has been designed for anyone concerned with the relationships between continental European companies and investing institutions in the US and UK.

For a brochure, please call Makinson Cowell on (44 71) 499 4977 or fax your request to 490 5472. The price of the study is \$595.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY FEBRUARY 18 1992										MONDAY FEBRUARY 17 1992										DOLLAR INDEX		
	Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% chg on day	Gross Div. Yield	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% chg on day	1991/92 High	1991/92 Low	Year ago (approx)				
Australia (89)	145.82	+0.7	123.80	117.82	124.77	128.62	+0.8	4.30	144.87	120.82	118.01	121.98	127.05	160.31	112.74	133.14							
Austria (20)	182.10	-2.5	154.19	147.34	156.02	155.88	-0.9	1.85	186.70	156.03	148.82	157.54	157.33	222.37	133.06	222.14							
Belgium (49)	137.48	-1.2	116.40	111.28	117.78	114.53	+0.2	5.12	138.21	116.34	111.70	117.48	114.65	161.10	110.94	150.99							
Canada (115)	134.48	-0.8	113.85	108.79	115.20	115.22	-0.6	3.18	135.51	113.25	108.79	115.22	115.22	157.68	108.79	127.88							
Denmark (36)	248.33	-1.7	210.26	200.88	212.77	215.48	-0.1	1.88	252.56	211.07	202.65	213.11	215.17	273.37	217.74	210.58							
Finland (15)	85.07	-1.7	72.88	69.84	73.17	81.16	-0.2	2.45	87.55	73.17	70.28	73.87	81.97	125.16	73.32	111.40							
France (106)	149.79	-0.2	128.83	121.19	128.33	131.70	+1.2	3.37	150.09	125.45	120.43	126.63	130.07	154.70	119.11	146.58							
Germany (65)	119.82	-0.7	98.91	94.53	100.08	100.08	+0.8	2.31	117.82	98.50	94.53	98.50	98.50	119.82	94.53	100.08							
Hong Kong (58)	137.17	+0.5	165.94	159.53	168.94	166.51	+0.5	3.88	166.77	163.94	161.41	165.35	165.28	199.08	119.82	171.22							
Ireland (92)	138.19	+1.8	138.19	141.88	141.88	141.88	+0.4	2.11	138.19	138.19	142.18	142.18	142.18	138.19	142.18	138.19							
Italy (77)	73.42	-2.8	62.17	59.40	62.80	67.83	-1.3	3.41	75.53	63.12	60.60	63.73	68.70	88.23	64.76	87.85							
Japan (479)	118.22	-2.3	100.70	95.85	101.30	95.85	-1.5	0.89	120.95	101.00	95.85	95.85	95.85	118.22	95.85	101.30							
Malaysia (58)	245.39	+1.6	207.73	198.49	210.19	205.15	+1.5	2.88	261.78	202.05	190.00	203.90	241.78	241.78	168.19	228.45							
Mexico (18)	167.31	+1.6	141.75	135.70	143.53	138.02	+1.6	0.99	164.24	137.46	132.98	138.07	155.18	167.31	134.48	80.30							
Netherlands (31)	148.75	-0.8	128.79	121.15	128.31	126.65	+0.7	4.27	150.91	126.12	121.15	127.34	123.73	156.48	123.74	144.04							
New Zealand (14)	45.30	-0.1	38.38	36.85	38.31	44.48	+0.0	6.18	45.35	37.90	36.85	38.31	38.31	45.30	36.85	38.31							
Norway (24)	188.13	-1.2	142.55	136.03	144.05	147.25	+0.2	1.80	170.21	142.28	136.59	143.53	143.53	223.54	142.28	210.83							
Singapore (58)	227.58	+0.3	184.74	176.54	186.94	186.15	+0.7	2.11	217.59	186.15	174.61	183.60	186.95	228.45	183.60	191.34							
South Africa (81)	218.15	-1.2	182.67	184.11	196.16	179.25	-2.3	2.78	200.30	182.47	184.80	184.80	183.59	271.89	173.00	168.99							
Spain (91)	156.43	-0.5	132.45	126.37	134.02	132.10	-1.0	4.54	158.90	131.13	126.91	129.38	129.38	211.11	126.91	131.13							
Sweden (25)	174.43	-1.3	147.69	141.14	149.48	154.36	-0.2	2.89	178.76	147.12	147.12	148.15	154.06	204.12	146.60	185.40							
Switzerland (59)	90.14	-1.2	83.10	79.41	84.10	90.90	+0.8	2.21	95.82	83.01	79.71	83.82	90.08	104.22	82.17	96.74							
United Kingdom (293)	178.44	-0.7	150.49	144.37	152.67	161.09	+0.8	4.92	179.68	150.17	144.16	161.60	157.10	187.44	150.17	181.19							
USA (523)	166.91	-1.2	141.81	134.57	142.60	166.31	-1.2	2.94	166.36	140.70	135.11	142.06	166.36	171.65	135.25	146.65							
Australia (89)	144.17	-0.8	122.07	116.65	128.53	128.50	-0.6	3.90	143.37	121.49	116.65	122.67	122.77	151.82	125.50	149.13							
Nordic (100)	174.22	-1.5	147.01	140.56	148.27	147.30	+0.0	2.19	176.84	147.19	141.91	149.22	147.27	200.81	145.55	191.44							
Nordic (100) (717)	174.22	-1.5	147.01	140.56	148.27	147.30	+0.0	2.19	176.84	147.19	141.91	149.22	147.27	200.81	145.55	191.44							
Europe - Pacific (1526)	130.96	-1.4	110.88	105.95	112.20	109.80	-0.4	2.41	132.88	111.05	106.82	112.11	110.26	146.17	105.81	129.47							
North America (638)	164.28	-1.2	138.10	132.94	140.78	162.87	-1.2	2.95	162.27	136.95	133.44	140.82	134.43	169.89	125.81	148.01							
Europe Ex UK (578)	123.41	-0.9	104.49	98.87	108.76	107.47	+0.6	3.17	124.55	102.05	99.97	105.12	106.84	129.80	100.38	123.34							
Pacific Ex Japan (24)	158.06	-0.8	132.79	127.72	134.11	127.06	+0.8	3.33	158.06	128.42	124.42	130.62	130.62	158.06	127.72	134.11							
Pacific Ex Japan (24)	158.06	-0.8	132.79	127.72	134.11	127.06	+0.8	3.33	158.06	128.42	124.42	130.62	130.62	158.06	127.72	134.11							
World Ex UK (2010)	138.97	-1.4	116.52	113.26	119.84	126.53	-0.9	2.36	141.96	116.83	113.92	119.79	127.67	160.95	120.96	143.76							
World Ex. So. Af. (2182)	142.73	-1.3	120.80	115.24	122.25	128.38	-0.7	2.62	144.33	118.33	116.13	122.10	129.32	153.05	122.92	146.78							
World Ex Japan (777)	197.91	-0.9	160.33	127.78	135.32	147.81	-0.5	3.31	198.42	133.28	127.94	134.54	148.48	161.90	128.68	140.12							
The World Index (2243)	143.32	-1.3	121.35	115.96	122.80	126.84	-0.7	2.62	145.23	121.38	116.55	122.59	129.09	153.70	123.28	147.07							